



Carlos Jackson
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

**AGENDA
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY HOUSING COMMISSION
WEDNESDAY, NOVEMBER 28, 2007
12:00 NOON
HERBERT AVENUE HOUSING DEVELOPMENT
133 HERBERT AVENUE
LOS ANGELES, CA 90063
(323) 266-0990**

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1. Call to Order

2. Roll Call

Lynn Caffrey Gabriel, Chair
Henry Porter, Jr., Vice Chair
Severyn Aszkenazy
Philip Dauk
Adriana Martinez
Bertha Scott
Alberta Parrish

3. Reading and Approval of the Minutes of the Previous Meetings

Regular Meeting of October 24, 2007

4. Report of the Executive Director

5. Public Comments

The public may speak on matters that are within the jurisdiction of the Housing Commission. Each person is limited to three minutes.

6. Staff Presentations

Housing Quality Standards – Fia Phillips and Susan Cunningham
Legislative Update – Elisa Vasquez
News Broadcast Presentation – Bob Nishimura



Regular Agenda

7. Adopt Resolutions Approving Issuance of Multifamily Housing Mortgage Revenue Bonds for Multifamily Housing in Unincorporated East Los Angeles (1)

Recommend that the Board of Commissioners acting as Responsible Agency pursuant to California Environmental Quality Act (CEQA), certify that the Housing Authority has considered the determination made by the County of Los Angeles, as Lead Agency, and find that the subject project will not cause a significant effect on the environment; adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Casa Lucerna KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$7,000,000 for the acquisition and rehabilitation of Casa Lucerna, a 75-unit multifamily rental housing development located at 1025 South Kern Avenue in unincorporated East Los Angeles, and ratifying the inducement resolution previously adopted by the California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B; authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$7,000,000 for the purposes described herein. (APPROVE)

8. Adopt Resolutions Approving Issuance of Multifamily Housing Mortgage Revenue Bonds for Multifamily Housing in Unincorporated Whittier (4)

Recommend that the Board of Commissioners acting as Responsible Agency pursuant to CEQA, certify that the Housing Authority has considered the determination made by the County of Los Angeles, as Lead Agency, and find that the subject project will not cause a significant effect on the environment; adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Leffingwell Manor KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$10,000,000, for the acquisition and rehabilitation of Leffingwell Manor, a 89-unit multifamily rental housing development located at 11410 Santa Gertrudes Avenue in unincorporated Whittier, and ratifying the inducement resolution previously adopted by the California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B; authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$10,000,000, for the purposes described herein. (APPROVE)

9. Approve Construction Contract for Bathroom and Kitchen Remodeling Project to Meet Requirements of the American With Disabilities Act at Palm and West Knoll Senior Housing Developments in the City of West Hollywood (3)

Recommend that the Board of Commissioners find that the approval of a construction contract for the bathroom and kitchen remodeling project to meet the requirements of the American with Disabilities Act (ADA) at the Palm and West Knoll senior housing developments in the City of West Hollywood is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment; approve the award of a Construction Contract (Contract) in the amount of \$280,000 to Kimmons Construction and Painting Co. (Kimmons), for the purposes described above at the subject properties, and authorize the Executive Director of the Housing Authority to execute the Contract and all related documents, to be effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval; authorize the Executive Director to use a total of \$280,000 in Community Development Block Grant (CDBG) funds allocated by the U.S. Department of Housing and Urban Development (HUD) and included in the Housing Authority's approved Fiscal Year 2007-2008 budget, and authorize the Executive Director to approve Contract change orders not exceeding \$56,000 for unforeseen project costs, using the same source of funds described above. (APPROVE)

10. Approve Construction Contract for Carmelitos Burned Units Rehabilitation Project (4)

Recommend that the Board of Commissioners find that the approval of a construction contract for the rehabilitation of burned units at the Carmelitos housing development, located at 1000 Via Wanda Avenue, in the City of Long Beach, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment; approve the award of the attached Construction Contract (Contract) in the amount of \$52,881 to DMS Construction Incorporated, to complete the rehabilitation of two burned units at the subject property; and authorize the Executive Director of the Housing Authority of the County of Los Angeles to execute the Contract and all related documents, following approval as to form by County Counsel and effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval authorize the Executive Director to use a total of \$52,881 in Capital Funds Program (CFP) funds provided by the U.S. Department of Housing and Urban Development (HUD), for the purposes described herein; and authorize the Executive Director to approve Contract change orders not exceeding \$13,220 for unforeseen project costs, using the same source of funds; authorize the Executive Director to incorporate up to \$66,101 in CFP funds into the Housing Authority's approved Fiscal Year 2007-2008 budget, for the purposes described above. (APPROVE)

11. Approve Contract for Survey and Evaluation Services of Housing Authority Public Housing Residents (All Districts)

Recommend that the Board of Commissioners find that approval of the Contract for Survey and Evaluation Services (Contract) is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the Contract will not have the potential for causing a significant effect on the environment; approve the award of the attached Contract in the amount of \$57,500 to Diversity Research and Consulting Group, Inc. (Diversity), to continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents; and authorize the Executive Director of the Housing Authority of the County of Los Angeles to execute the Contract and all related documents, following approval as to form by County Counsel and effective on the date of Board approval; authorize the Executive Director to use a total of \$57,500 in Public Housing Operating Subsidy funds provided by the U.S. Department of Housing and Urban Development (HUD) for the purposes described herein; authorize the Executive Director to execute amendments to the Contract, following approval as to form by County Counsel, to increase Contract by \$11,500, for any unforeseen costs, using the same source of funds described above; authorize the Executive Director to execute amendments to the one-year Contract, following approval as to form by County Counsel, to extend the time of performance for an additional of two years, in one-year increments, at \$64,400 for the second year, and \$72,128 for the third year, using funds to be approved through the Housing Authority's annual budget process. (APPROVE)

12. Approve Community Development Block Grant Contract for Computer Coordinator Position at the Magic Johnson Inventor Center at Ujima Village Housing Development (2)

Recommend that the Board of Commissioners find that approval of the Community Development Block Grant (CDBG) Contract (Contract) for a part-time Computer Coordinator position at the Magic Johnson Inventor Center at the Ujima Village housing development, located at 941 East 126th Street, in unincorporated Los Angeles County, is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the Contract will not have the potential for causing a significant effect on the environment; approve the Contract in the amount of \$32,000, for the purposes described herein; and authorize the Executive Director or his authorized designee of the Housing Authority of the County of Los Angeles (Housing Authority) to execute the Contract between the Housing Authority and the Community Development Commission and all related documents, following approval as to form by County Counsel and effective on the date of Board approval; authorize the Executive Director to accept from the Community Development Commission and incorporate into the Housing Authority's approved Fiscal Year 2007-2008 budget, a total of \$32,000 in CDBG program funds provided by the U.S. Department of Housing and Urban Development (HUD), for the purposes described herein. (APPROVE)

13. Approve and Authorize the Chair to Sign a Letter Inviting the Resident Council Presidents to Attend the Meetings of the Housing Commission.

14. Approve the 2008 Housing Commission Meeting Schedule

15. Housing Commissioners Comments and Recommendations for Future Agenda Items

Housing Commissioners may provide comments or suggestions for future Agenda items.

Copies of the preceding agenda items are on file and are available for public inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday, at the Housing Authority's main office located at 2 Coral Circle in the City of Monterey Park. Access to the agenda and supporting documents is also available on the Housing Authority's website.

Agendas in Braille are available upon request. American Sign Language (ASL) interpreters, or reasonable modifications to Housing Commission meeting policies and/or procedures, to assist members of the disabled community who would like to request a disability-related accommodation in addressing the Commission, are available if requested at least three business days prior to the Board meeting. Later requests will be accommodated to the extent possible. Please contact the Executive Office of the Housing Authority by phone at (323) 838-5051, or by e-mail at marisol.ramirez@lacdc.org, from 8:00 a.m. to 5:00 p.m., Monday through Friday.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

MINUTES FOR THE REGULAR MEETING OF THE

LOS ANGELES COUNTY HOUSING COMMISSION

Wednesday, October 24, 2007

The meeting was convened at the Whittier Manor housing development located at 11527 Slauson Avenue, Whittier, California.

Digest of the meeting. The Minutes are being reported seriatim. A taped record is on file at the main office of the Housing Authority.

The meeting was called to order by Chair Lynn Caffrey Gabriel at **12:02 p.m.**

ROLL CALL

	<u>Present</u>	<u>Absent</u>
Lynn Caffrey Gabriel	X	
Henry Porter, Jr.	X	
Severyn Aszkenazy		X
Philip Dauk	X	
Adriana Martinez	X	
Bertha Scott	X	
Alberta Parrish	X	

PARTIAL LIST OF STAFF PRESENT:

Bobbette Glover, Assistant Executive Director
Maria Badrakhan, Director, Housing Management
Emilio Salas, Director, Administrative Services

GUESTS PRESENT:

No guests were present.

Reading and Approval of the Minutes of the Previous Meeting

On Motion by Commissioner Dauk, seconded by Commissioner Porter the minutes of the Regular Meeting of September 26, 2007 were approved.

Agenda Item No. 4 - Report of the Executive Director

Bobbette Glover reported on the following items:

Ms. Glover announced that due to the Southern California fires, the location of the October meeting was changed to the Whittier Manor housing development.

At the request of Ms. Glover, Maria Badrakhan, Director of Housing Management, provided a brief overview of Whittier Manor.

Ms. Glover announced that Margarita Lares-Herrera has been appointed Acting Director of the Assisted Housing Division.

Commissioner Porter requested that the Housing Authority Agency Plan be provided to Commissioner Scott and Commissioner Parrish.

Ms. Glover announced that an update on Ennis and Lewis v. Housing Authority would be provided at the next meeting.

Channel 11 and Channel 5 have been reporting on Section 8 sweeps in San Bernardino County. DVD's of the broadcasts will be provided at the November meeting.

Agenda Item No. 5 – Public Comments

There were no public comments.

Agenda Item No. 6 - Staff Presentations

Adriana Ruiz provided a presentation on the Section 8 hearing process and responded to questions from the Commissioners.

Regular Agenda

On Motion by Commissioner Porter, seconded by Commissioner Martinez, and unanimously carried, the following was approved by the Housing Commission:

**CONCURRENCE WITH THE BOARD OF SUPERVISORS/COMMISSIONERS
APPROVAL OF HEALTH PLAN CHANGES (ALL DISTRICTS)
AGENDA ITEM NO. 7**

1. Concur with the Board of Commissioners' approval of authorization for the Executive Director to approve proposed premium rates for group medical plans provided by Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO), and the Kaiser Health Plan (Kaiser), to be effective January 1, 2008.
2. Concur with the Board of Commissioners' approval of the Housing Authority's share of the combined payment for the employer-paid subsidy for the 2008 calendar year, with Blue Cross HMO and PPO, and Kaiser, at a total estimated cost of \$460,000.
3. Concur with the Board of Commissioners authorization for the Housing Authority to fund all health plan costs using funds included in the approved Fiscal Year 2007-2008 budget, and funds to be approved through the annual budget process for Fiscal Year 2008-2009, as needed.

On Motion by Commissioner Porter, seconded by Commissioner Dauk, and unanimously carried, the following was approved by the Housing Commission:

**ADOPT RESOLUTIONS APPROVING ISSUANCE OF MULTIFAMILY
HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED COVINA (4)
AGENDA ITEM NO. 8**

1. Recommend that the Board of Commissioners, acting as Responsible Agency pursuant to the California Environmental Quality Act (CEQA), certify that the Housing Authority has considered the determination made by the County of Los Angeles as Lead Agency, and find that the subject project will not cause a significant effect on the environment.
2. Recommend that the Board of Commissioners adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Arrow Plaza KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$8,000,000, for the acquisition and rehabilitation of Arrow Plaza, a 64-unit multifamily rental housing development located at 20644 East Arrow Highway in unincorporated Covina, and ratifying the inducement resolution previously adopted by California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B.
3. Recommend that the Board of Commissioners authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$8,000,000, for the purposes described herein.

**Agenda Item No. 9 – Housing Commissioner Comments and
Recommendations for Future Agenda Items**

Ms. Glover announced the following:

The 2008 schedule of meetings will be presented for approval at the November meeting, which will be held at the Herbert Avenue housing development. The December meeting will be held at the headquarters office and will include a holiday luncheon.


At the request of Commissioner Porter, Adriana Ruiz, provided a brief overview of the Family and Self Sufficiency Program (FSS).

At the request of Commissioner Gabriel, Ms. Glover at a future meeting will provide clarification regarding the Enhanced Voucher referenced in the news story included in the agenda package.

Maria Badrakhan, Housing Management Division Director, confirmed that all Housing Authority sites are safe from the devastating fires.

On Motion by Commissioner Porter, the Regular Meeting of September 26, 2007, adjourned to Closed Session at 2:20 p.m.


Respectfully submitted,


CARLOS JACKSON
Secretary -Treasurer

Housing Authority - County of Los Angeles

November 28, 2007

TO: Housing Commissioners

FROM: Bobbette A. Glover 
Assistant Executive Director

SUBJECT: LETTER OF INVITATION TO RESIDENT COUNCIL PRESIDENTS

Several years ago, the Housing Commission voted to conduct monthly meetings on a regular basis at housing sites owned or managed by the Housing Authority. The purpose was to facilitate resident attendance at the meetings, to give residents access to the Commissioners, and to offer them the opportunity to voice their concerns about Housing Authority operations.

Generally, Housing Commission notices are posted at the management offices, the entrances to the complex, the community rooms, and/or other strategic locations. In the early years, the meetings were well attended. Over the past year, however, attendance has steadily declined.

We are now recommending sending a more personal invitation to encourage resident attendance. Attached is a letter that will be addressed to resident managers and signed by the Commission Chair. Each month it will be forwarded to the president of the resident council at the housing development of the next scheduled meeting. We will monitor the effectiveness of the letter of invitation.

RECOMMENDATION:

1. Approve the attached letter to resident council presidents inviting their resident members to Housing Commission meetings.
2. Authorize the Chair of the Housing Commission to sign the letters.

Attachment



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

xxxx xxxx, President
xxxxxxxxxx Resident Council
xxxxxxxxxx
xxxxxxxxxx, CA xxxxx

Dear Mr/s xxxx:

On behalf of the Los Angeles County Housing Commission, I am extending an invitation to you and the other (site name) residents to our monthly meeting on (month, date, and year). The meeting will be held in the (site name) community room at 12:00 noon.

As you know, the Housing Commission is appointed by the Los Angeles County Board of Supervisors, acting as the Housing Authority's Board. Our Commission is an advisory body responsible for reviewing all housing authority policy and program matters. In addition, we make recommendations to the Board for their approval. The Commission includes representatives from the Section 8 program and from residents living in Housing Authority/CDC housing.

Our meeting will be an opportunity for you to see how contracts, programs, and services are approved. Any member of the public will be allowed to speak for three minutes on any topic related to Housing Authority policies, management, and performance.

The resident manager will post notices a few days prior to the meeting. I hope that you will inform the other residents and encourage their attendance. Enclose please find a 2008 Housing Commission meeting schedule.

Sincerely,

xxxx xxxx, Chair
Los Angeles County Housing Commission

Enclosure

c: xxxx xxxxx, Area Manager
xxxx xxxxx, Property Supervisor
xxxx xxxxx, Resident Manager



Housing Authority - County of Los Angeles

November 28, 2007

TO: Housing Commissioners

FROM: Bobbette A. Glover, Assistant Executive Director

SUBJECT: ENHANCED VOUCHER

As requested by Commissioner Gabriel during the October Housing Commission meeting, attached is a description of the Enhanced Voucher.

FOR YOUR INFORMATION ONLY

Enhanced Vouchers

Enhanced vouchers are tenant-based housing assistance used to assist eligible families affected by certain types of housing conversion actions.

1. Unlike a regular voucher, the subsidy is “enhanced” to cover the difference between the normally applicable payment standard and the possibly higher proposed rent of the unit that is going through the housing conversion action. The payment standard for enhanced vouchers is the gross rent of the unit, provided the Public Housing Authority (PHA) determines the gross rent is reasonable in comparison to similar, unassisted units in the market area.
2. Enhanced vouchers have a special minimum rent requirement. The family must continue to contribute towards rent at least the same amount they were paying for rent on the date of the housing conversion action.
3. The enhanced feature of a voucher is tied to the project in which the housing conversion action took place. If the tenant moves from the project, the enhanced feature is eliminated and the voucher will have the features of a regular voucher issued by the PHA.

Housing Conversion Actions

HUD has provided tenant-based rental assistance in order to assist eligible residents that are affected by several different types of owner or HUD actions in HUD’s Office of Multifamily Housing Programs (collectively described as “Housing Conversion actions”).

These housing conversion actions are:

- ❑ Owner decisions to opt-out of or not renew Section 8 Project-based contracts (Opt-Outs);
- ❑ Owner prepayment of the mortgage or voluntary termination of the mortgage insurance of a preservation eligible property (preservation prepayments);
- ❑ HUD enforcement actions against the owner (including termination or non-renewal of a Section 8 project-based housing assistance payment (HAP) Contract); and
- ❑ HUD property disposition activities.

Depending on the Housing Conversion action, eligible families receive either regular voucher assistance or enhanced voucher assistance.

Family Right to Remain (Enhanced Vouchers)

A family that receives an enhanced voucher has the right to remain in the project as long as the units are used for rental housing and are otherwise eligible for housing choice voucher assistance (e.g., the rent is reasonable, unit meets Housing Quality Standards (HQS), etc.).

The owner may not terminate the tenancy of a family that exercises its right to remain except for a serious or repeated lease violation or other good cause.

“Other good cause” for termination of tenancy by the owner may include, but limited to, any of the following examples:

- ❑ Failure by the family to accept the offer of a new lease or revision;
- ❑ A family history of disturbance of neighbors or destruction of property, or of living or housekeeping habits resulting in damage to the unit or premises;
- ❑ The owner’s desire to use the unit for personal or family use, or for purpose other than as a residential rental unit; or
- ❑ A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, or desire to lease the unit at a higher rental).

If an owner refuses to honor the family’s right to remain, the family may exercise any judicial remedy that is available under State and/or local law.

Initial and subsequent use of vouchers

When HUD provides vouchers to a PHA as the result of a Housing Conversion action, HUD will offer housing choice voucher funding on a one-for-one replacement basis to make up for the loss of the affordable housing units in the community, subject to the availability of appropriations. For example, if an owner is opting-out of a 100 unit Section 8 project-based contract, HUD will offer funding for 100 vouchers to the administering PHA. The PHA will use the assistance to assist the eligible families affected by the opt-out. Any additional vouchers under this allocation (for example, unused vouchers resulting from vacant units under the expiring project-based contract or units occupied by ineligible families) may be used by the PHA to assist families on the PHA waiting list.

The one-for-one replacement is based on the number of units impacted by the Housing Conversion action, which may or may not correspond to the total number of units in the project. For instance, in the case of Section 8 project-based contract opt-out, if the contract is for 50 units and the property has a total number of 75 units, the PHA would be offered an allocation of 50 units.

If a voucher issued to a family as the result of a Housing Conversion action turns over for any reason, the PHA retains the voucher for use as part of its housing choice voucher program. Note that in cases where an enhanced voucher turns over following initial issuance (i.e., an enhanced voucher participant leaves the program), the voucher loses its special enhanced characteristics and is subject to all normal program rules.

Housing Authority - County of Los Angeles

FOR YOUR INFORMATION ONLY

November 20, 2007

To: Each Supervisor
From: Carlos Jackson, Executive Director

**SUBJECT: MONTHLY PROGRESS REPORT ON THE SECTION 8
HOUSING PROGRAM**

On March 13, 2007, your Board instructed me to report monthly on our progress to remove the Section 8 program from its "troubled" status, as rated by HUD's Section Eight Management Assessment Program (SEMAP). This report covers the period of October 18, 2007 – November 16, 2007 and provides information on the following:

- Notice of SEMAP Standard Performance for FY 2006-2007
- Corrective Action Plan (CAP) for FY 2005-2006, approved by your Board on August 21, 2007.
- HUD Advisor (The Nelrod Company)
- Current Performance Status
- Office of Inspector General (OIG) Audit

SEMAP

I am pleased to report that we recently received our SEMAP letter from HUD, which states that the program received a "Standard" performance rating for FY 2006-2007 (Attachment A). Because of our prior poor performance, the overall score must be confirmed through an on-site HUD review scheduled to take place in January 2008. In addition, HACoLA must complete the tasks identified in the CAP to remove the program from "troubled" status.

CAP

The third and final group of CAP items was submitted to HUD today, which reflects performance objectives completed through November 15, 2007 (Attachment B).

Also, as you are aware, the CAP requires that the Housing Authority Commission, your staff, and Housing Advisory Commission receive formal training on the Housing Choice Voucher Program (Section 8). Last month, the Division executed a contract with Housing Telecommunication, Inc. to provide this training. By separate memorandum (November 8, 2007), instructions on accessing the self-paced, web-based training program have been provided to your staff and the training is available on-line at your convenience.

Each Supervisor
November 20, 2007
Page Two

I understand that some Commissioners have begun accessing the on-line training materials. I hope you are able to complete the training and certification by December 14, 2007. Once everyone identified in the November memorandum completes the training course, I will report this to HUD in order to close this part of the CAP.

HUD Advisor On-Site

The HUD Advisor, the Nelrod Company, continues to provide assistance in the following areas:

1. Determination of Adjusted Income Performance
2. Lease-up
3. SEMAP Documentation for FY 07-08
4. Effective YARDI Implementation
5. Annual Re-examinations
6. Enforcement of Housing Quality Standards (HQS)
7. Housing Quality Standards Annual Inspections

In addition, over the last couple weeks, the focus has been in preparing HACoLA for the FY 2006-2007 SEMAP on-site confirmatory review to be conducted by HUD.

FY 2007-2008 Performance Status

The following is the current performance status on the three most critical indicators for FY 2007-2008:

Annual Reexaminations (SEMAP Indicator #9) – We have completed 98.4% of the annual reexaminations that are due through October 1, 2007.

Annual Inspections (SEMAP Indicator #12) – We have completed 99.7% of the annual inspections that are due through October 1, 2007.

Lease-Up (SEMAP Indicator #13) – Our current lease-up rate is 92.7%, representing 19,215 assisted families throughout the County. We have 1,459 pending new contracts; 955 voucher holders are seeking housing; and we are concentrating on processing an additional 2,508 applications. Due to our continuing lease-up efforts, we remain on target to reach 95% lease-up by December 31, 2007.

Each Supervisor
November 20, 2007
Page Three

Office of Inspector General Audit

Pending Audit - HACoLA, as requested, provided a draft response to the HUD OIG preliminary audit report. HACoLA provided comments regarding each cited error from the 26 files. OIG informed HACoLA that its comments would be considered in their audit report, which is expected to be issued in December.

New Audit - OIG recently informed me that they have planned a joint audit of the City and the County of Los Angeles programs (Attachment C). This audit is to encompass a review of employee (and family member) associations to the program as a participant and/or landlord. For your information, we conducted our own review of similar issues earlier this year. All Community Development Commission employees were required to submit a disclosure statement. As a result, we had a few cases in which appropriate actions have been taken to ensure compliance.

Housing Locator Services

Del Richardson and Associates, Inc. (DRA) has successfully located housing for approximately 190 families. DRA is also conducting owner outreach to promote our program and attract more landlords. I made a presentation at an event sponsored by DRA on November 19, 2007 to assist in this effort.

Socialserve.com

The following are current statistics on the contracted Socialserve.com internet-based housing listing service. Over 680,000 housing searches since the June 1, 2007 release date; and as of November 13, 2007, 114,758 searches, 1,846 registered landlords and 1,513 available units.

CJ:ML

Attachments (3)

c: William T Fujioka, Chief Executive Officer
Lari Sheehan, Deputy Executive Officer
Sachi A. Hamai, Executive Officer/Clerk of the Board of Supervisors
Each Deputy
Los Angeles County Housing Commissioners



Attachment A
U.S. Department of Housing and Urban Development
Office of Public Housing
Los Angeles Field Office, Region IX
611 W. 6th Street, Suite 1040
Los Angeles, CA 90017

OCT 25 2007

Mr. Carlos Jackson
Executive Director
Housing Authority of the
County of Los Angeles
McCaslin Business Park 2 Coral Circle
Monterey Park, California 91755

Dear Mr. Jackson:

SUBJECT: SEMAP Notification Final Score Letter

Thank you for completing your Section 8 Management Assessment Program (SEMAP) certification for the **Housing Authority of the County of Los Angeles**. SEMAP enables HUD to better manage the Section 8 tenant-based Program by identifying PHA capabilities and deficiencies related to the administration of the Section 8 Program. As a result, HUD will be able to provide more effective program assistance to PHAs.

The **Housing Authority of the County of Los Angeles** final SEMAP score for the fiscal year ended **6/30/2007** is **62**. The following are your scores on each indicator.

Indicator 1 Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a))	15
Indicator 2 Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)	20
Indicator 3 Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516)	0
Indicator 4 Utility Allowance Schedule (24 CFR 982.517)	5
Indicator 5 HQS Quality Control (24 CFR 982.405(b))	5
Indicator 6 HQS Enforcement (24 CFR 982.404)	0
Indicator 7 Expanding Housing Opportunities	5
Indicator 8 Payment Standards (24 CFR 982.503)	5
Indicator 9 Timely Annual Reexaminations (24 CFR 5.617)	10
Indicator 10 Correct Tenant Rent Calculations (24 CFR 5.617)	5
Indicator 11 Pre-Contract HQS Inspections (24 CFR 982.305)	5
Indicator 12 Annual HQS Inspections (24 CFR 982.405(a))	10
Indicator 13 Lease Up	0
Indicator 14 Family Self Sufficiency (24 CFR 984.105 and 984.305)	5
Indicator 15 Deconcentration Bonus	NA

Your overall performance rating is **Standard**. Your PHA has earned a total of **90** points out of **145** possible points.

We have recorded that your PHA has been rated zero on at least one of the performance indicators. Please take the necessary corrective action to ensure compliance with program rules. For each zero rating, you must send HUD a written report describing the corrective action taken within 45 calendar days of the date of this letter or HUD may require a written corrective action plan. HUD regulation 24 CFR 985.104 states a PHA may appeal its overall performance rating to HUD by providing justification for the appeal reasons.

Thank you for your cooperation with the SEMAP process. If you have any questions, please contact Theodore W. Skonos, Public Housing Revitalization Specialist at (213) 534-2614.

Sincerely,

A handwritten signature in black ink, appearing to read "K.J. Brockington". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

K.J. Brockington
Director
Office of Public Housing

Each check mark in the Corrective Action Plan Timeline represents the completion date of all tasks within a Management Area or Indicator.

CORRECTIVE ACTION PLAN TIMELINE				
Management Area or Indicator	Submittal/ Closure Date 9/17/07	Submittal/ Closure Date 10/17/07	Submittal/ Closure Date 11/17/07	Submittal/ Closure Date 12/18/07
Governance				√
Organization and Staffing		√		
Finance			√	
Procurement	√			
MIS	√			
Program Management		√		
Indicator 1 – Selection from the Waiting List		√		
Indicator 2 – Rent Reasonableness	√			
Indicator 3 – Determination of Adjusted Income			√	
Indicator 4 – Utility Allowance Schedule	√			
Indicator 5 – HQS Quality Control Inspections	√			
Indicator 6 – HQS Enforcement			√	
Indicator 7 – Expanding Housing Opportunities	√			
Indicator 8 – Payment Standards	√			
Indicator 9 – Annual Reexaminations			√	
Indicator 10 – Correct Tenant Rent Calculations			√	
Indicator 11 – Pre-contract Housing Quality Standards (HQS) Inspections	√			
Indicator 12 – Annual Housing Quality Standards Inspections			√	
Indicator 13 – Lease-up			√	
Indicator 14 – Family Self-Sufficiency (FSS)			√	



Attachment C
U.S. Department of Housing and Urban Development
Office of Inspector General
Region IX
611 West Sixth Street, Suite 1160
Los Angeles, California 90017-3101
(213) 894-8016
Fax (213) 894-8115

November 2, 2007

Mr. Carlos Jackson
Executive Director
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Dear Mr. Jackson,

This is to notify you that HUD's Office of Inspector General is planning to perform a joint audit of the Housing Authority of the City of Los Angeles and the Housing Authority of the County of Los Angeles' Section 8 Programs. The objective of our review will be to determine whether Section 8 properties owned by authority employees are managed in accordance with HUD rules and regulations.

Ms. Pamela Martin of my staff will contact you within the next two weeks to arrange an entrance conference date and to begin the audit work. To assist us in initiating this effort, we request that you make the following available at the entrance conference:

- Current organizational chart,
- Employee listing,
- List of individuals within your organization who you know own or have interest in Section 8 properties, and
- Electronic copy of the HAP register.

Should you have any questions, please contact Vincent Mussetter, Assistant Regional Inspector General for Audit, or Pamela Martin, at (213) 894-8016. Thank you for your cooperation in this matter.

Sincerely,


Joan Hobbs
Regional Inspector General for Audit

cc: Rudolf Montiel, Executive Director, HACLA
K. J. Brockington, Director, Office of Public and Indian Housing, 9DPH



Carlos Jackson
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

ASSISTED HOUSING DIVISION

12131 Telegraph Road • Santa Fe Springs, CA 90670
Tel: 562.347.4663 • TDD: 562.906.4928 • www.hacola.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

November 20, 2007

FOR YOUR INFORMATION ONLY

Ms. K. J. Brockington, Director
Office of Public Housing
U.S. Department of Housing
And Urban Development
Los Angeles Field Office, Region IX
611 West 6th Street, Suite 1040
Los Angeles, CA 90017-3101

SUBJECT: THE FAMILY SELF- SUFFICIENCY (FSS) PROGRAM

Dear Ms. Brockington:

The Family Self-Sufficiency (FSS) Program is a HUD initiative intended to promote the development of local strategies to enable families both in public housing and the Housing Choice Voucher Program to achieve economic independence and self-sufficiency.

This report has previously been provided to the Housing Authority of the County of Los Angeles Housing Commissioners on a monthly basis. This report is now being provided to the HUD local field office and the Los Angeles County Board of Supervisors to keep all concerned parties abreast of the continuous efforts and accomplishments associated with this worthwhile program as part of the Corrective Action Plan.

FSS Program Update for October

- The Family Self Sufficiency staff continued its ongoing recruitment efforts, with a total of 5 new applicants, all of whom were eligible for the Family Self- Sufficiency Program.
- Prepared 7 Contracts of Participation for a potential FSS participant.
- Continued to attend on-going training in Section 8 and Public Housing FSS posting, Code 8 and Enrollment procedures, so as to better serve our participants.
- While attending Partnership/Marketing meetings at SASSFA WorkSource FSS staff conducted program presentation to all assembled partnered agencies and participated in the planning and strategies meetings.
- FSS staff conducted 9 Family Self Sufficiency mini-recruitment presentations.



Ms. K. J. Brockington, HUD
November 20, 2007
Page 2

- Resource information on the WorkSource Network, Better Business Bureau information, FSS workshops, Adult Education, and Job Fair information were disseminated during the recruitment efforts and case management activities.
- Referred 5 FSS applicants to WorkSource Centers resource for job search assistance and 7 FSS participants for job search and resume writing and review assistance.
- Issued 6 Credit Repair packets to FSS applicants and 4 packets to existing FSS participants during the month of October.
- Communicated with and assisted over 250 FSS participants with general Housing Choice Voucher questions, FSS Program queries, issues and supportive services information.
- Resource information for employment opportunities, budgeting, money saving tips and homeownership workshops were disseminated to 11 FSS participants and applicants during October appointments.
- Referred 2 Section 8 tenants to Operation Hope Home Ownership Program per the tenant's request.
- Referred 2 FSS participants to the CDC Home Ownership Program (HOP) per the tenant's request.
- Held 1 Family Self Sufficiency Graduation Ceremony during the month of October.
- Received an additional 5 Requests for Graduation from Program Participants.

Graduates

During the month of October, there was one graduate from the Family Self Sufficiency's Housing Choice Voucher Program. The total number of graduates to date is 179.

If you have any further questions, please feel free to contact me at (562) 347-4837.

Sincerely,


MARGARITA LARES, Acting Director
Assisted Housing Division

ML:dt

c: Board of Supervisors
Housing Commissioners



Expo Line Project Passes Two Milestones

The Expo Light Rail Line passed two major milestones this summer. Major construction began with trench work on August 10. Less than a month later, local officials received the good news that the California Transportation Commission approved the project's full funding request of \$314 million to complete financing for the first phase, taking the line from downtown Los Angeles to Culver City. Phase Two, intended to run from Culver City to Santa Monica, is undergoing environmental review.



Joining Board of Supervisors Chairman Zev Yaroslavsky (center), from left to right: Richard Thorpe, CEO of the Exposition Construction Authority; Councilmember Bernard Parks, City of Los Angeles; Pam O'Connor, Metro Board Chair and Councilmember, Santa Monica; Alan Corlin, Metro Board member and Councilmember, Culver City; Councilmember Jan Perry, City of Los Angeles; Los Angeles Mayor Antonio Villaraigosa; Councilmember Herb Wesson, City of Los Angeles; County Supervisor Yvonne B. Burke; Assemblymember Mike Davis. For more information on the Expo Line project, please visit <http://www.buildexpo.org>.

LACERA Election Results

At its meeting of September 4, 2007, the Board of Supervisors approved the results of the July 31, 2007 elections for Safety Members on the Board of Investments and the Board of Retirement of the Los Angeles County Employees Retirement Association. The Board declared William Reed Pryor elected as the Fourth Member, Board of Investments. Mr. Pryor was also elected as the Seventh Member, Board of Retirement and J. P. Harris was elected as the Alternate Member, Board of Retirement.

HIGHLIGHTS

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EVENT CALENDAR

11th Annual Veterans & Armed Forces Appreciation Day

UCLA Football vs. Arizona State

November 10 at the Rose Bowl

Free general admission or buy-one, get-one free offer on reserved tickets for veterans and military personnel (limit of four total reserved tickets per person)

To take advantage of this offer, veterans and military personnel must be in uniform or present valid identification at the time of ticket purchase or pick up. Tickets can be purchased by contacting the UCLA Central Ticket Office at 310-UCLA-WIN or on game day at the Rose Bowl, while supplies last.

Los Angeles County Arboretum & Botanic Garden

301 North Baldwin Avenue, Arcadia 91007

For a list of seminars, workshops and classes, please visit www.arboretum.org or call (626) 821-4623.

Los Angeles County Museum of Art

5905 Wilshire Boulevard, Los Angeles 90036

(323) 857-6000

www.lacma.org

Music

Every Friday, through Thanksgiving – Friday Night Jazz “L.A.’s Treasures” (free admission)

Every Sunday, at 6 p.m. (free)

Arts

Through Oct 28 – The Arts in Latin America, 1492-1820

Through December 30 – Highlights of Spanish Colonial Art from the Coleccion Patricia Phelps de Cisneros

Through Jan 6, 2008 – Dali: Painting & Film

Through Feb 19, 2008 – Japanese Prints: Word/Poem/Picture

Through Feb 19, 2008 – Japanese Painting: Calligraphy and Image

Through Mar 30, 2008 – SoCal: Southern California Art of the 1960s and 70s from LACMA’s Collection

Disney Concert Hall

111 South Grand Avenue, Los Angeles 90012

(323) 850-2000

wdch.laphil.com

October

20 - 21 - Sibelius’ First and Third

23 - Sibelius Academy Symphony Orchestra

25 - 26 - Sibelius’ Fifth and Sixth

27 - Barbara Cook Celebrates Her 80th! – “No One Is Alone”

28 - Mariza

31 - The Cabinet of Dr. Caligari

November

1 - 2 - Simon Bolivar National Youth Orchestra of Venezuela

8 - UBS Verbier Festival Orchestra

9 - Joanna Newsom

11 - Youth Orchestra Festival Day

15 - St. Petersburg Philharmonic

16 - Neko Case – “Bittersweet Country”

17 - Gal Costa

23 - 25 - Dvorak’s Ninth

25 - Organ Recital: Thomas Trotter

27 - Chamber Music with Nicholas McGegan

29 - 30 - Galway Plays Mozart

Music Center

135 N. Grand Avenue, Los Angeles 90012

(213) 972-7211

www.musiccenter.org

Center Theatre Group

Nov 7 – Dec 9 – The History Boys

Dec 13 – Mar 9, 2008 – The Color Purple

Los Angeles Opera

Nov 24 – Dec 15 – Don Giovanni

Los Angeles Master Chorale

Nov 18 – Haydn, Andriessen and Tormis

Natural History Museum of Los Angeles County

900 Exposition Boulevard, Los Angeles 90007

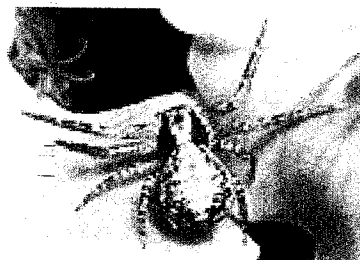
(213) 763-3466

www.nhm.org

Spider Pavilion

Through November 4

After the butterflies have gone, spiders take over our South Lawn habitat. Curb your spider fears and join us as we welcome our newest exhibit. Watch amazing Orb Weaver spiders create webs, and stick around to see what happens at feeding time! Adults \$3; students and seniors \$2; children (5-12) \$1. Tickets are sold in half-hour time slots throughout the day. Members receive FREE admission and the first available tickets.



Supervisor Burke Hosts Twelfth Annual Children's Beach Ball Blast Party

More than 200 foster children, homeless and children of incarcerated parents attended Los Angeles County Supervisor Yvonne B. Burke's twelfth annual beach party on Saturday, September 8. The children arrived to the open waves of Venice Beach at 9 a.m., on buses provided by Supervisor Burke. She also provided each child with a goody bag containing sunglasses, sun block, hats and t-shirts. Children who arrived without proper swimwear were provided with swimsuits at the beach.

The majority of the children, ages five to 14 years old, were visiting a beach for the first time. County lifeguards, firefighters and Sheriff's personnel were on hand to help with water activities and beach games. Staff from the County's Department of Beaches and Harbors and the Department of Children and Family Services helped the children with arts and crafts activities, and with face painting.

Just before noon, Supervisor Burke arrived to help serve lunch at Mother's Beach. The children were provided with a full meal, including hot dogs, hamburgers and fresh fruit by the Marina Business Lease Holders. Later, the children were served ice cream.

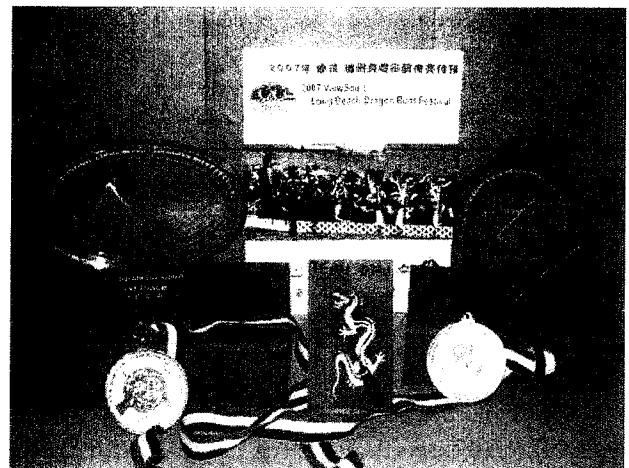
They departed the beach at 3 p.m., to be bussed back home. Supervisor Burke said "By the way they were smiling and chatting to each other, it's clear they had a great time. That's why I have this party every year. It's so important to provide these children with life experiences that they might otherwise never have. It expands their points of view, and also helps them become productive participants in their families and communities. Besides, it's fun."



Supervisor Burke joined by youth and volunteers at the Twelfth Annual Children's "Beach Ball Blast" on September 8.

Public Works' Splashing Paddlers End the Summer with a Gold

In March 2006, a group of Public Works sports enthusiasts found themselves splashing each other in a water sport that was introduced in China some 2000 years ago. It is the sport of Dragon Boat racing. Calling themselves the "Team DPW Dragon Boat Team," they are led by Nathan Salazar, an employee of Public Works and a veteran of the sport. Team DPW splashed its way to success in the summer of 2006 winning a Silver Medal in the Corporate Division at the Long Beach International Dragon Boat Festival. Public Works' Administration also participated and won a Silver Medal in the VIP Division of the same festival. Refusing to rest on their laurels, Team DPW traveled up north in September 2006 and won a Silver Medal in the Recreational Division A of the San Francisco International Dragon Boat Festival.



Team DPW
continued on page 8

Team DPW won Gold and Bronze medals in the Corporate Division at the 2007 Long Beach International Dragon Boat Festival.

RETIREEES

Congratulations to the following employees who are joining the ranks of the retired after 30 or more years of service to the people of the County of Los Angeles:

ANIMAL CARE AND CONTROL: Dennis Carter
ASSESSOR: Steven Chan, Kathryn L. Groschwitz, Renee L. Jackson
AUDITOR-CONTROLLER: Barbara A. Noble
BOARD OF SUPERVISORS: Sylvia J. Villalobos
CHIEF EXECUTIVE OFFICE: Alzola L. Hinton
CHILDREN AND FAMILY SERVICES: Susan Baron, Emogene D. Lee
DISTRICT ATTORNEY: Wallace J. McCabe, Gregson A. Somes, Paulita C. Varquez
FIRE: Michael J. Andrade, Paul B. Henne III
HEALTH SERVICES: Edmundo M. Alvarez, Paul J. Beers, Arlene Burgess, Arlene T. Cole, Thelma L. Collins, Doris M. Fickel, Elise G. Hall, Nancy Ibarra, Joann Johnson, Charlottine Lester, Barbara A. McMillon, Barton L. McNabb, Frankie M. Rachal, Jean E. Stone, Ronald Tillmon, Renilda Villabroza, Bizella Winbush, Bach-Hoa Wright
INTERNAL SERVICES: E. V. Bigornia, Ward J. Deeden, Norzal Fajardo, Thomas E. Farr, Gustavo G. Garcia, Ronald L. Pearson, Marilyn M. Williams
PARKS AND RECREATION: John S. Aguilar, Evaristo J. Palato
PROBATION: Vara T. Corbin
PUBLIC SOCIAL SERVICES: Gerald Locke, Leslie D. Richter, Beatrice J. Williams
PUBLIC WORKS: Jesus P. Sanchez
SHERIFF: Irma Becerra, Rafael Calzada, Raul Lopez, Robert D. Molina, Cynthia P. Scales, Indrek Wehrberg
SUPERIOR COURT: Barbara A. Smith
TREASURER AND TAX COLLECTOR: Cresencia R. Bigornia

Congratulations to the following employees who are joining the ranks of the retired after 25 or more years of service to the people of the County of Los Angeles:

AUDITOR-CONTROLLER: Patricia Culkin
BOARD OF SUPERVISORS: Dalia Hom
CHILD SUPPORT SERVICES: Miriam Batista, Ann E. Kuyper
CHILDREN AND FAMILY SERVICES: Sandra V. Aceves
COUNTY COUNSEL: Amparo Marilao
DISTRICT ATTORNEY: Linda D. Dixon, Michael J. Lehr
HEALTH SERVICES: Elena Bacalla, Cathy Barnes, Vera Bartee, Albenis C. Draughan-Anthony, Evelyn Fruto, La V. Harris, Mary Levy, Jacqueline Munnings, Callie L. Penick, Lois Ward
PARKS AND RECREATION: Randy D. Allison
PROBATION: Deitra Simon
PUBLIC HEALTH: Mary A. Breault, Laurie Picone
PUBLIC SOCIAL SERVICES: James A. Tran
PUBLIC WORKS: James Longthorne, Nader G. Shams
SHERIFF: Harold R. Flynt, Myron J. McDonald Jr., Janice M. Forman, Marina A. Lopez
TREASURER AND TAX COLLECTOR: Della E. Bicknell, Diana Blackwood, Pearl M. Martin, Genita E. Randolph

Supervisor Antonovich Dedicates 400 Acre Open Space Preserve in Elsmere Canyon

Supervisor Michael D. Antonovich and representatives from the City of Santa Clarita, Mountains Recreation and Conservation Authority, Allied Waste, and the Los Angeles County Department of Parks and Recreation dedicated 400 acres of land in Elsmere Canyon to the Mountains Recreation and Conservation Authority as open space for recreational use.

Supervisor Antonovich helped broker the deal between Allied Waste and the Mountains Recreation and Conservation Authority.

"This project represents another step forward in our commitment to preserve open space areas for the enjoyment of Los Angeles County's families, equestrians and hikers," said Supervisor Antonovich. "This unique open space provides a vital link between the Angeles National Forest, Placerita Canyon Nature Center and Whitney Canyon, connecting the San Gabriel, Santa Susana and Santa Monica Mountains."



ELSMERE
continued on page 5

WeTip WELFARE FRAUD

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White House Appoints Supervisor Knabe to Homeland Security Council

Supervisor Don Knabe has been appointed by President George W. Bush to serve on the President's Homeland Security Advisory Council (HSAC). In announcing the appointment, Homeland Security Secretary Michael Chertoff said the Council is his primary group of advisers, providing advice and recommendations on homeland security issues. It is comprised of experts from state and local governments, first responder communities, academia and the private sector.



"I value the independent and innovative advice I receive from my Homeland Security Advisory Council and its Senior Advisory Committees," said Secretary Chertoff. "These appointments will only augment the knowledge and experience of our membership that provide me the most important perspective – that of the troops in the field as we work together to keep America safe."

While the members of Council provide advice and recommendations directly to the Department of Homeland Security, the Council also has five independent subcommittees that focus on specific issue areas, including border security, emergency response, and private sector needs. Supervisor Knabe has served on one of these subcommittees for nearly five years. In October 2002, he was appointed by the President to the Council's State and Local Officials Senior Advisory Committee. In addition to his Presidential appointment, Knabe also serves on the California Emergency Council since being appointed by Governor Arnold Schwarzenegger in May 2006.

Supervisor Knabe is one of three new appointees to the main Homeland Security Advisory Council. He will be joined by Governor Sonny Perdue of Georgia and Dr. John "Skip" Williams, Provost and Vice President for Health Affairs at George Washington University. Some of the other members of the Council include: William Webster, former Director of the CIA; Louis Freeh, former Director of the FBI; and James Schlesinger, former Secretary of Defense and Energy. In his new appointment, Supervisor Knabe will also serve as the Chair of his original committee, the State and Local Officials Senior Advisory Committee.

"I am honored to have been selected by the White House to serve as a member of the President's Homeland Security Advisory Council," said Supervisor Knabe. "It has been a privilege to serve on one of the Council's subcommittees for the past five years, and I look forward to this new leadership role. As I often say, homeland security begins in the hometown. Locally, we have accomplished much since 9/11 to increase the preparedness of our local cities and unincorporated communities from the threats of terrorism and natural disasters. I look forward to the opportunity to bring some of our local programs and lessons-learned into the work of protecting our entire nation."



ELSMERE
continued from page 4

Established in 1985, the Mountains Recreation and Conservation Authority is a public agency of the State of California established pursuant to the Joint Powers Act between the Santa Monica Mountains Conservancy, which is a State agency established by the Legislature, the Conejo Recreation and Park District and the Rancho Simi Recreation and Park District, both of which are local park agencies.

ENRICHING LIVES...

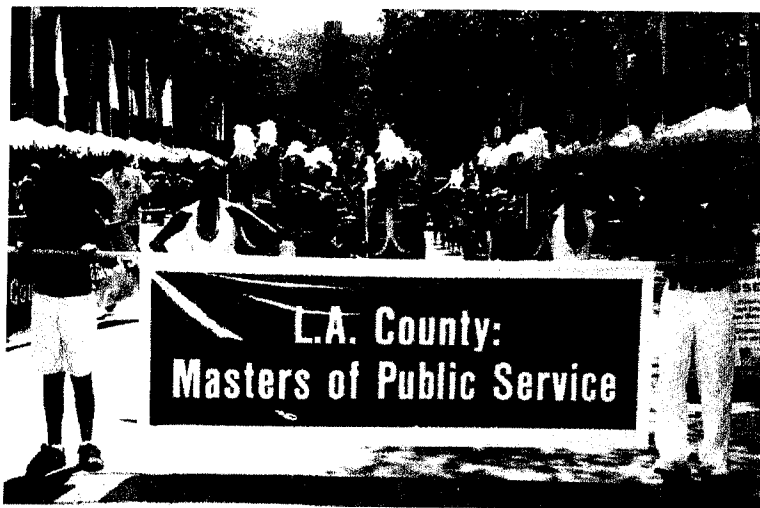
County Day at the Fair

Supervisor Yvonne B. Burke, District Attorney Steve Cooley, and new Chief Executive Officer William T Fujioka joined department heads, employees and their families in celebrating public service at the Third Annual Los Angeles County Day at the Fair on September 9.

The event was a huge success, with 33 departments participating in the parade and the Expo, and thousands of employees taking advantage of discount admission for the day.

The theme of the event this year was "L.A. County: Masters of Public Service."

County Day in 2008 will be on Sunday, September 7. Mark your calendar!





County **DIGEST**

Articles and other submissions to the *County DIGEST* may be edited or otherwise altered for clarity.

County DIGEST Editorial Offices
Department of Human Resources
3333 Wilshire Blvd., Suite 1000 (10th floor)
Los Angeles, CA 90010

(213) 738-2352
(213) 639-0940 FAX

Available online at: dhr.lacounty.info

County of Los Angeles

Strategic Plan



County Vision

"Enriching Lives"

Our **purpose** is to improve the quality of life in Los Angeles County by providing responsive, efficient and high quality public services that promote the self-sufficiency, well-being and prosperity of individuals, families, businesses and communities.

Our **philosophy** of teamwork and collaboration is anchored in our **shared values**:

- **A can-do attitude** - we approach each challenge believing that, together, a solution can be achieved.
- **Accountability** - we accept responsibility for the decisions we make and the actions we take.
- **Compassion** - we treat those we serve and each other in a kind and caring manner.
- **Commitment** - we always go the extra mile to achieve our mission.
- **Integrity** - we act consistent with our values.
- **Professionalism** - we perform to a high standard of excellence.
- **Respect for diversity** - we value the uniqueness of every individual and their perspective.
- **Responsiveness** - we take the action needed in a timely manner.

Our **position** as the premier organization for those working in the public interest is established by:

- A capability to undertake programs that have public value;
- An aspiration to be recognized through our achievements as the model for civic innovation; and a pledge to always work to earn the public trust.

County Mission

To enrich lives through effective and caring service

Strategic Plan Goals

- | | |
|---------------------------------|--------------------------------------|
| 1. Service Excellence | 5. Children and Families' Well-Being |
| 2. Workforce Excellence | 6. Community Services |
| 3. Organizational Effectiveness | 7. Health and Mental Health |
| 4. Fiscal Responsibility | 8. Public Safety |

Gloria Molina
Supervisor
First District

Yvonne B. Burke
Supervisor
Second District

Zev Yaroslavsky
Supervisor
Third District

Don Knabe
Supervisor
Fourth District

Michael D. Antonovich
Supervisor
Fifth District

TeamDPW

continued from page 3

Team DPW has involved itself deeply in the sport and has added more racing and activities to its program. Team DPW gave a workshop at the 9th Annual County of Los Angeles Multicultural Conference on the topic of “Diversity, Teamwork and a Paddle... all in the Same Boat” and had a dragon boat display during Public Works’ Holiday celebration. Team DPW finished the 2006 season by winning the “Best Lights and Music Award” in the 2006 Naples Holiday Boat Parade using their creative theme “*The Magic of Music.*”

Since the spring of 2006, Team DPW’s membership has grown from its single boat entry to six boats. The majority of their members are from Public Works, but since they promote diversity and inclusiveness, they also have members from County of Los Angeles Departments of Public Health, Health Services, District Attorney, and Child Support Services, as well as families and friends, all from diverse cultural backgrounds and ethnicities.

In this year’s Dragon Boat season, Team DPW’s first quest was in Tempe, Arizona, last March at the 5th Arizona Dragon Boat Races, where the women’s team finished first place in their division. Two months later, Team DPW sent two teams to race in Miami, Florida, where they came home with: a Gold Medal in the Government Division; Gold Medal in the 250-meter Recreational Division; Silver Medal in Corporate Division; and an overall 2nd place in the Corporate Division. While still catching their breaths, Team DPW, sponsored by California Association of Professional Employees (CAPE), met their goal when they won a Gold Medal and a Bronze Medal in the Corporate Division in the 2007 Long Beach International Dragon Boat Festival. It is truly an achievement worth all the sweat, pain and physical challenge at practice.

Team DPW continues its enthusiastic involvement in promoting the sport and its benefits. They encourage each County of Los Angeles Department to also get involved in the sport. Those who would like to try it and eventually form their own department’s dragon boat team should contact Team DPW at www.teamDPW.org or nathsalazar@aol.com. One day they hope to hold its own County of Los Angeles dragon boat festival to promote diversity and inclusiveness. Team DPW is very willing to help anyone and their department get started and to help promote diversity, teamwork and wellness among the employees. Information, videos, and pictures are available at www.teamDPW.org.



Team DPW in Long Beach after a race.

Supervisor Antonovich Addresses Dangers of Leaving Kids inside Cars

Supervisor Michael D. Antonovich and representatives from the Child Care Resource Center held a press conference to raise awareness on the dangers of leaving children unattended in a car.

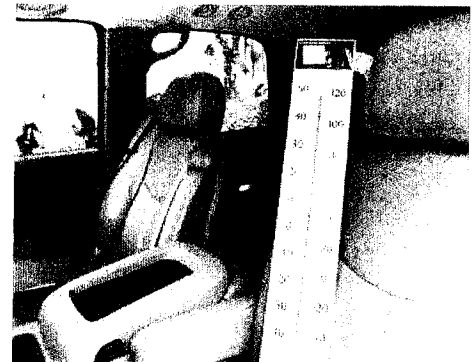
"Leaving a child alone in a car is a crime, no matter the amount of time or the temperature," said Supervisor Antonovich. "Parents running a quick errand may think their car will remain cool, but even on mild days temperatures inside vehicles can rise to dangerous levels in minutes.

Studies have shown that a young child's core body temperature can increase three to five times faster than that of an adult, causing permanent injury or death. On mild days, temperatures inside vehicles rise to dangerous levels in a short time. A car's interior can heat up 25 degrees above the outdoor temperature within 10 minutes and 45 degrees within 30 minutes.

In addition to heat stroke, children left unattended in cars are susceptible to abductions and starting the car themselves causing an accident.

"We can prevent future tragedies if parents and caretakers would stop, think and use common sense," added Supervisor Antonovich.

Supervisor Antonovich encourages the public to be observant of any children left in cars in parking lots or on the streets and to notify law enforcement or emergency services whenever they witness this crime.



Supervisor Yaroslavsky's Charitable Pitch for the Dodgers

Board of Supervisors Chairman Zev Yaroslavsky took the honor of throwing out the first pitch for the Dodgers at the second of a three-game home stand between the Los Angeles Dodgers and the Arizona Diamondbacks. Supervisor Yaroslavsky joined other County officials including Chief Executive Officer William T. Fujioka and Department of Public Social Services Director Philip Browning in taking a bow for record-setting charitable giving by County employees. The Dodgers went on to beat the Diamondbacks by a score of 6-2.



Supervisor Antonovich Visits McKinley Children's Center

Supervisor Michael D. Antonovich visited McKinley Children's Center, one of California's most respected multi-service agencies providing long-term care for abused and neglected children.

For over a century, the McKinley Children's Center has provided shelter to orphans, homeless and abused youth. Today, the center operates a group home for boys with a non-public school on the grounds, certifies foster family homes, and provides direct mental health services to the children and to the community.

Each year, more than 4,000 youth emancipate from California's foster care system, with more than 1,300 youth emancipating from Los Angeles County.

"Just as youth who leave their families as young adults depend upon the continued support of their birth parents to meet their individualized needs, so do youth emancipated from foster care," said Supervisor Antonovich. "These needs may include housing; educational or employment support; and/or specialized supports as they transition to the adult service systems designed to accommodate their higher level needs. Emancipated youth must have continued opportunities to achieve success and become productive citizens."

Under the existing law, services are provided to foster youth until the age of 18, but may continue until age 19. However, research shows that most youth who emancipate without permanency or a connection to a committed adult do so without adequate resources to succeed. This places them at greater risk of unemployment, long term dependence on public assistance, homelessness, substance abuse/mental health issues and incarceration.



Visit <http://dhr.lacounty.info>
for information on
employment opportunities
with the
County of Los Angeles

STOP FRAUD

REPORT IT!

Los Angeles County Fraud Hotline
www.lacountyfraud.org
E-mail: hotline@oci.co.la.ca.us
1-800-544-6861

You may remain anonymous • 24 hours a day • 7 days a week

Write to: Los Angeles County Fraud Hotline
1600 S. Fremont Ave., Unit 51
Alhambra, CA 91803-4737
Fax: 1-626-457-9797

Sponsored by Supervisor Michael D. Antonovich

Contractor Improprieties
Abuse of Work Hours
Missing Equipment
Computer Fraud
Vendor Fraud

Internet/E-mail Abuse
Missing Cash
Management Improprieties
Other Improper Activities

Supervisor Molina Reopens Remodeled Bell Gardens Library



Libraries serve as after school programs for many Los Angeles County youth. So it was with great pleasure that Los Angeles County Supervisor Gloria Molina celebrated the Bell Gardens Library grand reopening. Remodeling cost \$813,000. Of this amount, the City of Bell Gardens contributed \$50,000 through donations from the General Electric Company volunteers – and the County of Los Angeles made up the difference.

Now, the Bell Gardens Library has a new floor plan: a restroom accessible for individuals living with disabilities; self-check machines for faster customer service; new paint, carpet, and tiles; and parking lot improvements. Library staff also will be able to hold family and children's activities both indoors and outdoors. Best of all, the new Bell Gardens Library features a beautifully decorated children's reading area plus a new homework center stocked with new computers. Designers made sure to select a new style for the facility that remains compatible with the

Bell Gardens Civic Center, of which the library is an integral part.

The Bell Gardens Library is located at 7110 South Garfield Avenue in Bell Gardens, and staff there can be reached at (562) 927-1309. It is open from 10 a.m. to 7 p.m. Tuesday through Thursday; from 10 a.m. to 6 p.m. on Friday; and from 10 a.m. to 5 p.m. on Saturday. It is closed on Sunday and Monday.



Supervisor Yaroslavsky to VA: Protect These Lands!

Testifying on the future of the West Los Angeles Veterans Affairs property at the final public hearing of the Capital Asset Realignment for Enhanced Services (CARES) community advisory panel, Board of Supervisors Chairman Zev Yaroslavsky urged federal officials to reject efforts to sell off or commercially develop portions of the campus and instead re-dedicate their efforts toward protecting the property for the exclusive benefit of veterans. In his remarks, Supervisor Yaroslavsky noted the land was originally deeded by its private owners to the federal government in 1888 for an Old Soldiers' Home for veterans of the Civil War. Until very recently, the property had been confined to veterans uses, but since then portions have been leased out for use by Enterprise Rent-a-Car and Fox Studios, among others. Supervisor Yaroslavsky expressed the hope that federal legislation sponsored by Senator Dianne Feinstein and Congressman Henry Waxman would ultimately be enacted to further protect the veterans property against commercial exploitation.



HOLIDAY CELEBRATION

Six-Hour Extravaganza on December 24 is L.A.'s Biggest
Holiday Show. And Best of ALL... It's Free!

"L.A. County Holiday Celebration"
at the Music Center is 48th Annual

WHAT:

Bring the whole family to L.A.'s biggest holiday show, the 48th Annual L.A. County Holiday Celebration at the Dorothy Chandler Pavilion. More than 45 performing groups representing the many cultures of Los Angeles celebrate the season during this free, six hour extravaganza. L.A. Holiday Celebration is a gift to the community from the Los Angeles County Board of Supervisors. Even the parking underneath the Music Center is free. The entire six hours is broadcast live on KCET.

WHEN:

Monday, December 24, 2007 from 3 p.m. to 9 p.m.

WHO:

Produced by the Los Angeles County Arts Commission

WHERE:

Dorothy Chandler Pavilion of the Music Center
135 North Grand Avenue
Los Angeles 90012

HOW:

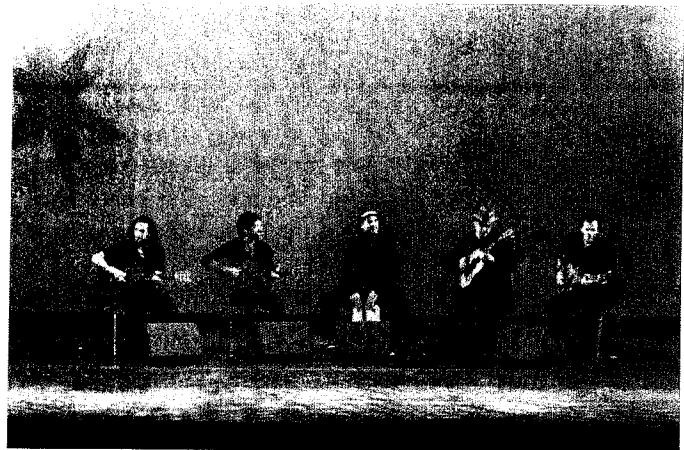
www.holidaycelebration.org
Information hotline: (213) 972-3099

ADMISSION: FREE

PARKING: FREE in the Music Center
parking garage

OTHER:

Doors open at 2:30 p.m. Patrons may come and go throughout the six-hour performance. Reservations for tickets to the show or parking are not necessary. Those who can't make it to the Music Center can watch the live broadcast of Holiday Celebration on KCET.



Members of the Board

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Chairman
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* CLPHA Endorses Streamlined PHA Plan Requirements

HUD's proposed changes to the PHA annual and five-year-plan streamline reporting requirements while preserving resident input into the process.

That's CLPHA's view, delivered in an Oct. 10 comment letter. The changes are a welcome example of how the department can reduce "regulatory and operating burden [on PHAs] without reducing important tenant protections," said CLPHA.

"The proposed streamlined template will reduce the amount of paperwork and time PHAs spend on preparing and submitting annual plans to HUD. CLPHA applauds HUD for taking this step and encourages the Department to continue with this and similar efforts to reduce and eliminate cumbersome reporting requirements for PHAs."

Specifically, said CLPHA, "The new template does not change the elements included in housing authorities plans. It merely reduces the submission requirements. Under the proposed template, housing authorities will have to submit to HUD only those plan elements that must be reviewed by HUD. There is no reason for housing authorities to submit to HUD the elements of the plan that HUD does not review. Under the proposed template, public participa-

(Continued on p. 2)

CLPHA Comments on Draft Senate SEVRA Measure

The Senate Banking Committee should include a provision establishing the Housing Innovation Program (HIP) in the Section Eight Voucher Reform (SEVRA) legislation currently being drafted.

HIP, included in the House SEVRA legislation passed in July, would be a permanent successor to the Moving to Work (MTW) demonstration program. The House-passed bill expands eligibility for the MTW program from 24 participating PHAs to 80 housing authorities, 60 of whom could take advantage of the full scope of HIP's deregulatory provisions and another 20 – so-called "HIP-Lite" agencies – who could do so in a more limited manner.

In preliminary comments to the Banking Committee, CLPHA said it "strongly supports adding the full HIP program provisions to the Senate bill, including increasing the number of agencies which may be designated under the HIP program; and we also stand ready to work with the Senate staff to modify and improve certain of the so-called HIP-lite provisions from HR

(Continued on p. 4)

House Approves Housing Trust Fund Legislation

The House passed the National Affordable Housing Trust Fund Act of 2007 (H.R. 2895) October 10.

The National Affordable Housing Trust Fund, approved 264-148, will be the largest expansion in federal housing programs in decades, with a goal of producing, rehabilitating and preserving 1.5 million housing units over the next 10 years. The bill will initially allocate between \$800 million and \$1 billion annually directly to states and local communities. Under the legislation:

- Sixty percent of the funds will go to participating local jurisdictions and 40% to states, Indian Tribes and insular areas. A proportionate amount of funds to States must go to rural areas in each State. If the total amount available in any year is less than \$2 billion, there is a \$750,000 minimum funding threshold for local jurisdictions.

- All Trust Fund monies must be used for low income families (below 80% of state or local median income), except that this income ceiling is reduced to 60% of local median income if annual funding in any year is less than \$2 billion. At least 75% of funds must go to extremely low-income families (below 30% of median income or below the national poverty level)

(Continued on p. 2)

House Approves Housing Trust Fund Legislation

(Continued from p. 1)

and at least 30% of funds must go to families with incomes below the SSI income limit. In addition, at least 10% of funds must go to families with incomes over 50% of the local area median income.

► States, participating local jurisdictions, and insular areas are required to make Trust Fund grants to eligible recipients, which can be any organization, agency (including PHAs), or other entity, including for-profits, nonprofits, and faith-based organizations, that have demonstrated the experience and the capacity to carry out the proposed Trust Fund activity. HUD allocates grants to Indian tribes by competition.

► The bill would allow Trust Fund monies for construction, rehabilitation, acquisition, preservation incentives (including for manufactured housing and community land trusts) and operating assistance to facilitate affordability. Funds may be used for both rental housing that is affordable and for down payment and closing cost assistance by first time homebuyers.

► The bill requires a match for Trust Fund dollars equal to 12.5% if provided from state, local and private resources or 25% if provided from federal sources. Up to 33% of this match may be provided through binding commitments to provide services for residents. The match may be reduced or waived where a zoning variance or other waiver of regulatory barriers was required to site Trust Fund-assisted housing.

"The National Affordable Housing Trust Fund addresses the affordable housing crisis as it affects ev-

ery level of society," said Rep. Maxine Waters (D-CA), Chairwoman of the Financial Services Subcommittee on Housing and Community Opportunity. "It has been seventeen years since the federal government last enacted a major affordable housing production program, and I am pleased that this legislation will tackle the full range of housing crises, providing relief to overburdened renters and homeowners while targeting funds where the need is greatest," said Waters."

The growing shortage of affordable housing is one of the most serious social and economic problems facing our country," said Rep. Barney Frank (D-MA), Chairman of the House Committee on Financial Services. "Given our severely constrained fiscal realities, we are today doing the best we can to address this – creating a low income housing trust fund that will be paid for in ways that do not draw from federal tax revenues," said Frank. ■

CLPHA Endorses Streamlined PHA Plan Requirements

(Continued from p. 1)

tion will not be changed. Plan elements will be available to residents and other stakeholders in the community prior to submission and afterward."

CLPHA also supported HUD for clarifying that small and high performer PHAs continue to be excluded from certain requirements of

the plan process. "High performers in particular should be excluded as they have demonstrated that they are exemplary stewards of public housing," said CLPHA.

Still, said CLPHA, the department should take the process one step farther. "CLPHA believes that the Department should use this opportunity to make needed changes to the capital fund submission."

In general, said the comment letter, "CLPHA supports the recommendations of the Annual Plan/Capital Fund Program Focus Group from the recent Administrative Reform Initiative. Specifically, the Department should bring the budget submission requirements for the capital fund into line with those for the operating fund. Today, housing authorities do not submit operating fund budgets to HUD. Rather, budgets are approved by the boards of directors. The Department, in its role as a regulatory agency, has no role in approving housing authority operating budgets. We believe the capital fund should be treated in the same manner."

In place of the budget submission, CLPHA recommended that housing authorities submit a short narrative description of the projects planned at each project. "This approach is in line with the recommendations from the Focus Group and would eliminate the need for housing authorities to fill out the lengthy tables in the current capital fund annual submission. It would also provide local stakeholders with more useful information than that currently available in the capital fund submission. Lastly, it would support the transition to asset management by allowing housing authorities to structure their plans around individual properties." ■

CLPHA Members Confer On SEVRA Portability Provisions

(Continued from p. 3)

ing or being billed for. These agencies have expressed real concern about how they will be able to handle the mandatory absorption requirement."

The letter explained: "First, those agencies that are billing one or more agencies for a high number of port-ins will be required to absorb a large amount of vouchers in the first year of the program. The primary concern of these agencies is whether there will be enough money available when that agency needs it to pay for the cost of absorption and how long it will take for them to receive the additional funds. Other concerns expressed by these agencies is that the requirement to absorb these vouchers will mean that the agency will be utilized far beyond the 103 percent threshold; furthermore, these agencies have expressed the concern that absorbing these vouchers will prevent the agency from serving families from the wait list.

The second set of agencies that have expressed concern about the mandatory absorption requirement are those agencies that have a significant number of vouchers that other agencies are billing them for.

The primary concern for these agencies is that they will not be able to re-issue the returned voucher in a timely manner due to having a large number of vouchers freed up at once. Because these agencies' utilization rates will drop precipitously, they could lose significant funding under the current funding formula whereby agencies are funded based on the previous year's leasing and cost data and these authorities' performance assessments could suffer."

Said CLPHA: "To address the current billed vouchers, CLPHA supports the idea of 'grandfathering' the current billed vouchers. Under this system, all current billed vouchers would continue to be billed, and all new ported vouchers would be absorbed. While this would continue the current cumbersome billing process for some vouchers, it would prevent a small but significant number of housing authorities from suffering severe negative consequences as a result of the conversion to mandatory absorption without affecting voucher holders. As time progresses, these billed vouchers will eventually be turned back in to the original agency through annual attrition."

The minutes from the Oct. 9 CLPHA conference call can be found here. ■

Sanctions Scheduled For Bad Form Filing

PHAs must have a minimum 95 percent reporting rate for their Form 50058 or be subject to sanctions for each month the PHA is noncompliant, according to a HUD Notice published October 10.

"HUD may reduce or offset any administrative fee to a PHA in an amount determined by HUD if the PHA fails to perform PHA administrative responsibilities," says the Notice. "PHAs subject to sanctions because their reporting rates fell below 95 percent may have their monthly administrative fee reduced or offset in an amount determined appropriate by HUD. In determining whether, and to what extent, HUD will reduce or offset the administrative fees, HUD will consider such factors as the magnitude of the deficient reporting rate and the number of months that the reporting deficiency persists."

Continues the HUD Notice, "All HCV sanctioned funds will be permanently recaptured and will not be returned to the PHA once its reporting rate is in compliance. ■

The *CLPHA Weekly Report* is published weekly when Congress is in session. CLPHA is a national non-profit organization representing the nation's largest public housing authorities. Committed to sustainable public housing, it provides a forum for developing and promoting innovative and effective approaches in housing development and management. CLPHA develops and analyzes policies that impact the public housing community, researches key trends and advocates for legislative and regulatory reforms that promote the continued transformation of public housing.

Sunia Zatterman, *Executive Director*; Deb Gross, *Deputy Director*; Joe Feuerherd, *Communications Director*; Gerard Holder, *Legislative Director*; Trena Mainor, *Operations Manager*; Tara O'Neill, *Research Director*; Todd Thomas, *Housing Policy and Research Analyst*.

tracts entered into after December 31, 2006, and before January 1, 2015.

Under current law, the deduction for insurance premiums applies only to payments in calendar 2007.

The bill would also expand the tests for qualification as a cooperative housing corporation, for purposes of allowing tenant-stockholders to deduct their share of property taxes and mortgage interest.

Exclusion of Gain on Home Sale

To offset the cost of these provisions, the bill would also limit the availability of the \$250,000/\$500,000 exclusion on the sale of a principal residence.

The exclusion would not be available to gain allocated to periods of "nonqualified use" of the residence, which is generally defined as any period on or after January 1, 2008, in which the property is not used as the principal residence of the taxpayer or the taxpayer's spouse or former spouse. This would include rentals and use of the house as a second home.

However, nonqualified use would not include any period after the last date the property is used as the principal residence; any period, up to an aggregate of 10 years, when the taxpayer or spouse is on duty with the uniformed services, Foreign Service, or intelligence community; and any other period of temporary absence, up to an aggregate of two years, because of health, employment, or, to the extent provided in regulations, unforeseen circumstances.

SECTION 8

HUD Publishes Final 2008 Fair Market Rents

HUD published final fiscal 2008 Section 8 fair market rents (FMRs) in the October 1 Federal Register, effective as of that date.

The FMRs are used to determine payment standards in the housing choice voucher program, initial renewal rents for some expiring project-based contracts, and initial rents for housing assistance payments (HAP) contracts in the moderate rehabilitation for single room occupancy (SRO) program.

The FMRs also serve as a rent ceiling for the HOME rental assistance program.

The FMRs are generally set at the 40th percentile of the local rent distribution, but HUD has established 50th percentile FMRs in markets where higher rents are needed to promote voucher utilization.

Calculation of FMRs

The FMRs are based on 2000 census data updated with more current survey information. For the first time, HUD is using data from the American Community Survey (ACS), generally replacing accumulated 2001-2005 FMR update factors with data from ACS's first full implementation year, 2005.

The specific use of the ACS data depends on the number of two-bedroom, standard-quality and recent-mover sample cases available in the FMR area or core-based statistical area (CBSA).

Revised 2005 FMRs based on 2000 census and 2005 ACS data have been updated with Consumer Price Index (CPI) data through the end of 2006 and then trended to April 2008. Specifically, the national 1990-to-2000 average annual rent increase of 3 percent is applied for 1.25 years, from December 2006 through April 2008.

HUD is also retaining the FMR bonuses for New Orleans and Baton Rouge related to the impact of Hurricane Katrina. However, because the ACS data indicate that the 2000-to-2005 FMR update factors should be lower than shown by other data sources used in fiscal 2007 and earlier FMRs, the bonuses are being adjusted to 35 percent in New Orleans and 15 percent in Baton Rouge.

HDR-IPED SEMINARS

Los Angeles Workshop to Cover Tax Credit Use with HUD Projects

While HUD has long been a cornerstone in affordable housing and development, the low-income housing tax credit (LIHTC) program has also proven to be a powerful tool in developing affordable multifamily housing.

Thousands of properties, including a large portion of tax credit developments, exist only because of the financial foundation that HUD can provide. In recent years, however, HUD's official and unofficial requirements have increased exponentially.

"Compliance & Credits: The Tools, The Rules and How They Affect Your HUD Multifamily Housing Project," to be presented by HDR and IPED in Los Angeles on November 1-2, will shed light on the potential obstacles for new lenders and borrowers in HUD properties — both with and without tax credits — as well as offer tips for more cost-effective asset management.

A highlight of the conference will be the interactive case studies on the second day that will illustrate the possibilities behind a few of the obvious — and a few of the obscure — compliance and tax credit issues.

The workshop is designed for owners, developers, syndicators, property managers, and staff and advisers of HUD-insured or HUD-subsidized multifamily projects, including projects with low-income housing tax credits; investors, lenders, underwriters, and others with financial interests in HUD properties; public housing agency and community development staff, nonprofit representatives, and others who want step-by-step information and how it fits into the overall development process; and real estate and tax attorneys, accountants, and other advisers to tax credit participants with interests in HUD projects.

The conference will be held at the Millennium Biltmore in Los Angeles on November 1-2. For a brochure and registration information, visit IPED on the web at www.ipedinc.net, e-mail info@ipedinc.net, or call (800) 473-3293 or (202) 331-9230.

project with state or locally financed debt, provided that they enter into a new 20-year Section 8 contract subject to annual appropriations. The owner would have to receive the approval of any state or local lender that will continue to hold a loan secured by the property after the 40-year contract is terminated.

Mark-to-Market Incentives

The bill would also modify the Section 8 mark-to-market (M2M) statute to extend the period of eligibility for non-profit purchase incentives and to clarify that HUD may not require a repayment of any portion of subordinate M2M debt in cases of acquisitions by nonprofits using purchase incentives and state or locally allocated housing resources.

In at least one recent transaction, HUD required the purchaser to pay down 25 percent of the subordinated debt as a condition of the sale. HUD assignment of this debt to the new owner is important, said SAHF, since it can be included in eligible basis.

The bill would also authorize the conversion of rent supplement and Section 236 rental assistance payments (RAP) contracts to project-based Section 8 assistance, and it would permit HUD to assign flexible subsidy loans.

SAHF also wants a long-term authorization to transfer project-based assistance to preserve the financial or physical viability of a project, deconcentrate the number of assisted units in an area, and provide better opportunities to residents.

PUBLIC HOUSING

HUD Approves San Diego Plan To Convert Scattered-Site Projects To Non-Federal Rental Housing

HUD has given approval to the San Diego Housing Commission (SDHC) plan to take its 1,366 public housing units out of the federal public housing program, providing Section 8 vouchers to residents and converting the housing to rentals affordable to families up to 80 percent

of area median income (AMI), currently \$55,000 for a family of four.

The SDHC operates public housing at 151 scattered sites, and none of the properties carries any debt. The plan calls for borrowing against this portfolio to create at least 350 new housing units through a combination of acquisition and new construction.

In its approval letter, HUD noted that the SDHC in its fiscal 2006-2008 business plan has committed to reducing its dependency on federal subsidies and housing programs through asset development and enhancement of alternative financial resources. HUD accepted SDHC certification that the disposition meets the agency's goals and its public housing annual plan and is consistent with the U.S. Housing Act of 1937.

A resolution approved last year by the SDHC authorizing the request to HUD said that the federal subsidy to operate and maintain public housing "is not only decreasing but becoming operationally restrictive and inefficient."

Asset Management

An SDHC staff report concluded that the new HUD asset management system would not adequately fund centralized functions or office costs and that economies of scale achieved over the years through centralization of procurement and other functions would be lost.

The SDHC plan would adopt a private sector methodology to achieve self-sufficiency for the public housing portfolio. Residents who are provided vouchers could continue to stay in their current units or move to other rental housing that accepts Section 8. No current resident would be required to relocate. As residents move through attrition, the portfolio will be made available to households with varying incomes up to 80 percent of AMI.

The SDHC will buy the public housing units from HUD for a nominal price of \$1 each. After the transfer of title occurs, the SDHC would spend no more of its operating funds other than those received as asset repositioning fees. Also, after the transfer of title, no more capital funds may be expended other than those needed to close out contract obligations incurred previous to the disposition of the units.

IRS Ruling

Accordingly, the principal issue for the IRS is whether the redemption of a pro rata portion of the bond issue will terminate the qualified project period. A secondary issue is whether the authority can determine which of the bonds in the refunding issue are allocable to the project using the pro rata method.

The IRS explained that Section 142(d)(2)(A)(ii) means the qualified project period ends when all bonds allocable to that project are no longer outstanding. It noted that that provision contrasts with other statutory language focusing on a bond issue.

"Accordingly, the qualified project period for a project may end before the entire issue is redeemed, provided that the bonds allocable to that project are no longer outstanding," the IRS said.

As for the secondary issue, the IRS said, the authority must determine which bonds are allocable to the project and must be redeemed. The authority has asked to use a pro rata method, allocating a portion of each bond to the project, based on the portion of bond-financed loans outstanding. The IRS agreed that this is an appropriate allocation method.

Accordingly, the ruling says, upon the redemption of a pro rata portion of the refunding bond issue, there will be no bonds outstanding with respect to the project, and the qualified project period and low-income rental requirements will terminate.

SECTION 8

Audit Estimates \$20 Million In Excess Voucher Subsidies Paid for Overhoused Families

A HUD Office of Inspector General (OIG) audit of the Section 8 voucher program estimated that PHAs paid \$20 million in excess subsidies for more than 16,500 families in housing units with more bedrooms than people in the family.

The OIG said this occurred because PHAs made errors in processing eligibility reexaminations and in entering data. Some PHAs and HUD staff also misunderstood fair housing requirements and granted unreasonable accommodations, the OIG said. HUD agreed with an OIG recommendation to issue additional guidance on evaluating reasonable accommodation requests and submitting data. HUD also agreed to conduct additional data analysis to correct reporting errors.

For purposes of the report, a family was considered overhoused when the PHA assigned a unit size with more bedrooms than the number of people in the household.

Evaluation of Overhoused Families

An evaluation of a statistical sample of the 16,500 overhoused voucher families showed that the voucher size was incorrect for 38 percent but the PHA correctly calculated the subsidy, that providing a larger unit was justified by circumstances for 29 percent, that a larger unit was unjustified for 26 percent, and that another 7 percent

of families were overhoused but not oversubsidized because the rent did not exceed the correct payment standard.

The OIG found that 17 percent of the sample involved errors related to reasonable accommodation. These cases included families not having the requested live-in aide or approved medical equipment, accommodation of occasional caregivers, and otherwise unreasonable or unsupported accommodation requests.

HUD's guidance does not address occasional caregivers or the payment of additional subsidy for this purpose. The OIG said that by allowing occasional caregivers, PHAs bypassed the tenant screening and reporting process and possibly violated lease requirements and exposed the voucher program to abuse.

PHAs also granted requests for an additional bedroom for a live-in aide or necessary medical equipment, but did not require or verify that the additional space was used for the necessary accommodation. The OIG also found that PHAs granted requests for an additional bedroom based on vague evidence or opinions that a person might benefit from the space, often to avoid a potential lawsuit. The request for additional space must demonstrate that the space is necessary to accommodate the family member's disability, the OIG said.

The OIG also found that there is potentially a higher rate of overhousing among PHAs administering fewer than 500 vouchers.

(Audit report 2007-EW-0001 is available at www.hud.gov/offices/oig.)

MORTGAGE FINANCE

Final Rules Revise Requirements For Lenders' Actions in Connection With FHA Home Loans in Default

HUD has issued final rules on mortgagees' actions in connection with FHA-insured home loans in default, making a number of changes in the proposed rules published in November 2004.

The final rules were published in the October 2 Federal Register and go into effect on November 1.

(For background, see *Current Developments*, Vol. 32, No. CD-24, p. 759.)

Association Fees

One change drops a proposed requirement to include in FHA single-family loan payments escrow payments for homeowners or condominium association fees.

HUD proposed the escrow requirement for association fees because several states have enacted legislation allowing associations to file a lien for nonpayment of fees, which in some cases has priority over the FHA-insured mortgage.

However, the department has determined that a mandatory escrow requirement is not feasible. Accordingly, it has removed that provision from the final regulations, along with a related change that would have added to the insurance benefits payable in connection with a fore-

Accordingly, the court said, the question is how to resolve the conflicting interpretations of HUD and the Fourth Circuit, and the U.S. Supreme Court provided the answer in *National Cable & Telecommunications Association v. Brand X Internet Services*, 545 U.S. 967 (2005).

In *Brand X*, the Court held that an agency's interpretation of a statute would take precedence over a prior judicial construction of the same statute unless the court's previous ruling unambiguously foreclosed the agency's interpretation.

Court Ruling

Before applying the ruling in *Brand X*, the court first concluded that HUD's regulations were entitled to deference under the Supreme Court's *Chevron* decision as a reasonable interpretation of the statute.

The court then turned to the question of whether the Fourth Circuit's ruling in *Mackey* left any room for agency discretion on the applicability of the Fair Housing Act to insurance.

Although the interpretation of the statute in *Mackey* was reasonable, the court concluded, "it does not appear that the Fourth Circuit 'unambiguously foreclose[d] the agency's interpretation' as required by *Brand X* such to trump HUD's subsequent regulations."

The court noted that in finding the Fair Housing Act inapplicable to insurance, the Fourth Circuit relied on Congress's silence on the issue, the statute's legislative history, and failed attempts to amend the statute to explicitly cover insurance.

At no point, however, the court noted, did the Fourth Circuit say that congressional intent regarding the Fair Housing Act and insurance was clear.

"The *Mackey* court could not anticipate that in 1988 Congress would allocate to HUD the authority to fill the gaps created by its legislative silence in the FHA," the court said. "However, where HUD later used that authority to promulgate rules contrary to the Fourth Circuit's interpretation, *Brand X* instructs that the court's prior interpretation must yield to the agency's."

Accordingly, the court held that the plaintiffs have stated a claim upon which relief may be granted, and it denied the defendant's motion to dismiss.

SECTION 8

Termination Proceedings Stayed To Consider Constitutional Issues

A Section 8 tenant raised serious questions concerning whether HUD regulations and Seattle Housing Authority (SHA) procedures met constitutional requirements in providing due process to program participants facing termination, ruled the U.S. District Court for the Western District of Washington, at Seattle, which temporarily stayed her termination proceedings. (*Hendrix v. Seattle Housing Authority*, No. C07-657MJP, 2007 WL 2790782 (W.D.Wash.), September 25, 2007)

The SHA notified tenant Tina Hendrix that it intended to terminate her housing assistance, based on her alleged failure to provide required information about her family

size and annual income. Plaintiff moved to enjoin SHA from proceeding with its informal Section 8 hearing pending the court's review of the authority's termination procedures and a determination about its compliance with federal regulations and due process.

HUD regulations require certain procedures before a housing authority can terminate Section 8 benefits: advance written notice to the tenant; discovery of evidence upon which the termination is based; the right to an informal hearing with counsel (at the tenant's expense); opportunity to present evidence and cross-examine witnesses; and a written ruling with the hearing officer's findings and reasons for those findings.

Procedure Challenged

The court said plaintiff did not claim that SHA's rules violated federal regulations, but that its practices in conducting informal pretermination hearings were improper.

Although plaintiff may not lose her Section 8 benefits as a result of the procedure she challenged, the court nevertheless found that "her allegations concerning the deficiencies in a system which affects something as fundamental as a place to live for thousands of low-income families creates a justiciable controversy by virtue of presenting an issue of broad and overriding public import."

Citing the seminal case on the rights of qualified welfare and low-income individuals to due process protections, *Goldberg v. Kelly*, 397 U.S. 254 (1970), the court said the Supreme Court was concerned that a recipient of benefits targeted for termination receive adequate due process before termination and "complete due process by the conclusion of the administrative procedure."

Termination Regulations

The court reviewed HUD and SHA termination regulations. Hendrix argued that HUD consolidated all Goldberg due process standards into a single informal hearing, a tenant's only chance to contest termination from the Section 8 program.

Without making any findings on Hendrix's likelihood of success on the merits, the court decided that if Hendrix were correct in her assertion that HUD intended to incorporate the full range of due process into the single pretermination hearing, there are questions as to whether SHA's procedures implemented the full administrative review required by Goldberg.

The court said that the SHA procedures as written accurately re-created the process in HUD regulations. However, Hendrix argued that SHA's practice in conducting informal procedures impermissibly departed from HUD and Goldberg requirements in three major areas: hearing officers did not adequately adjudicate material factual disputes; they are not allowed to entertain affirmative defenses or other legal arguments or impose sanctions other than termination; and they do not have adequate training or experience to evaluate legal arguments and adjudicate factual disputes.

SHA did not deny that its hearing officers lacked legal training, but noted that HUD regulations do not require this. HUD regulations also do not authorize hearing officers to do anything other than rule on the correctness of

termination of benefits, and they are not authorized to issue lesser sanctions.

Court Ruling

The court said it did not find the plaintiff's likelihood of success in challenging the SHA practices high, but it did find that she raised serious questions about whether "HUD regulations and the SHA procedures which are modeled after them have been issued in conformity with the constitutional requirements enunciated in *Goldberg*."

Accordingly, the court said it "is not prepared to permit the SHA system to continue to process Plaintiff through to possible termination before some further development of the issue."

The court had no difficulty finding that the plaintiff demonstrated irreparable injury if she were unconstitutionally deprived of her Section 8 assistance. In addition, the court found the balance of hardships tipped in her favor. It held that the hardship to her from wrongful termination of her benefits would be greater than that to SHA from being required to continue those benefits.

The court did not grant Hendrix the full relief she requested — enjoining the entire SHA pretermination hearing process while it adjudicated this issue — because that would shut down the entire system under which SHA regulates compliance with Section 8 program requirements.

Until final resolution of the litigation, the court granted a preliminary injunction to prevent SHA from proceeding with its informal hearing to determine whether plaintiff's Section 8 benefits will be terminated.

RENT CONTROL

Ordinance Survives Due Process, Equal Protection Challenges From Mobile Home Park Owner

The U.S. Court of Appeals for the Ninth Circuit ruled that a California county's rent control ordinance survived due process and equal protection challenges brought by a mobile home park owner. (*Equity Lifestyle Properties, Inc. v. County of San Luis Obispo*, No. 05-55406, 2007 WL 2694667 (9th Cir. (Cal.)), September 17, 2007)

Manufactured Home Communities, Inc. (MHC), now known as Equity Lifestyle Properties, Inc., is the general partner of an operating limited partnership which acquired several mobile home communities.

MHC gave notice to tenants of Sea Oaks Manufactured Home Community (Park) in San Luis Obispo County that it was increasing the rent by an average of 185 percent.

The tenants protested that the increase violated the county's rent control ordinance, but MHC said that the tenants had signed standard-form 12-month rental agreements, which were not subject to the ordinance.

MHC sought verification from the County of San Luis Obispo Rent Review Board that the ordinance did not apply to the lots with the 12-month leases. The tenants argued that the previous owner informed them when they renewed their leases that the ordinance did apply to their leases.

Board Ruling Challenged

After a hearing, the board concluded that the leases really were month-to-month leases and covered by the rent control ordinance. MHC filed the instant action, seeking equitable relief.

The county moved to dismiss, claiming that MHC lacked standing, that MHC's as-applied and due process claims were not ripe, that its facial claims were barred by the statute of limitations, and that its other constitutional claims offered no basis for relief.

Although MHC is not the title owner of the Park, the court said its pecuniary interest in the Park was sufficient for standing.

Takings Challenges

MHC asserted two takings challenges: a facial challenge to the ordinance and an as-applied challenge to the board's application of the ordinance to the lots in question.

Williamson County Regional Planning Commission v. Hamilton Bank of Johnson City, 473 U.S. 172 (1984), created a two-prong test to determine whether an as-applied challenge is ripe: the aggrieved person must have completed the administrative process and must have been unsuccessful in obtaining just compensation through state procedures.

Although MHC complied with the administrative review prong, the court said it did not comply with the second requirement because it did not attempt to obtain relief through the state procedure designed to provide compensation for rent control losses.

Kavanau Adjustment

Citing *Kavanau v. Santa Monica Rent Control Board*, 942 P2d 851 (Cal. 1997), the court explained that the procedure requires "an adjustment of future rents that takes into consideration past confiscatory rents." Because MHC did not seek relief through a Kavanau adjustment, the court said, it cannot file a federal complaint objecting to an uncompensated taking by the state.

The court rejected MHC's contention that a Kavanau adjustment procedure could not offer adequate compensation. California law requires that Kavanau adjustments include losses incurred during the review process, including litigation expenses. The court noted that state rent control authorities have found alternative ways to allow property owners to recoup compensable losses, including rent adjustments to compensate for rent losses during the review process and compensation for losses incurred due to a rent decision that was later overturned.

The court concluded that California's creation of the Kavanau adjustment process provides an adequate procedure for seeking just compensation, and the property owner's claim cannot be ripe until it pursues that compensation through the state court system. The court upheld the district court's dismissal of the just compensation claim.

Other Claims

Regarding MHC's facial takings claim, the court said that since California had no damages remedy for regulatory

DailyNews

LOS ANGELES

Southland families struggle on minimum wage

BY MUHAMMED EL-HASAN, Staff Writer

LA Daily News

Article Last Updated: 10/16/2007 11:58:22 PM PDT

A couple supporting its family on minimum-wage jobs might be able to pay for rent, food and perhaps clothing. But what about child care and transportation for the four-person family?

Add the need for health care, and that family might be unable to sustain itself.

L.A. County families must earn two to four times the minimum wage just to make ends meet, says a study to be released today by California Budget Project.

Each parent in a family of four must make \$17.80 an hour working a 40-hour job to "earn the basic family budget," according to the study titled "Making Ends Meet: How Much Does It Cost to Raise a Family in California?"

That would translate to \$74,044 a year in income.

"It does point to the fact that even if you put in your 40 hours a week, 52 weeks a year, there still is a significant gap between what people make and what they need," said Jean Ross, executive director of the California Budget Project.

The study, by the independent public policy center, also demonstrates the inadequacy of the federal poverty line when applied to California's high cost of living, Ross said.

Of the four household types noted in the study, a single parent raising two children faced the highest hourly wage need of \$30 in Los Angeles County. That's exactly four times the minimum wage.

California's minimum wage is \$7.50. The 2006 wage median is \$17.42, the midpoint where half of wages were higher and half lower.

At Harbor Interfaith Services, a San Pedro social services agency for the homeless and working poor, 14,000 people received food shelter or other services offered, said Caroline Brady-Sinco, the group's director of development.

"Especially with the holidays coming up, every year we register families that don't have enough money to put a holiday meal on the table, and every year the number of families just grows and grows and grows," she said. "Minimum-wage jobs are just not enough to survive, especially if you have children."

The minimum pay needs outlined in the study are based on full-time employment for 40 hours a week, 52 weeks per year. There is no allowance for unpaid days off during a year. The report assumes that families have two children each.

Other findings in the report include:

Part-time workers or those working only part of the year need to earn a higher hourly wage to make up the difference.

A two-parent family with only one parent working can live on less than a single-parent family or a two-parent family with both as workers, since one parent can stay home with the children. The basic family budgets assume that families use home-based child care rather than more expensive center-based care.

The report's calculations also assume that families rent rather than own a home, and live in housing that "many would consider overcrowded for a three- or four-person household."

The report assumes families buy private individual health coverage rather than receive health insurance from an employer. Savings later is excluded from the report's calculations.

"These estimates allow very little to no room for savings toward retirement or a child's college education," the report says.

Families that fall short of the report's minimum income levels can still get by. They might use friends or family for child care, receive health insurance from an employer, use public or private handouts or dip into their personal credit, the report says.

Economist Jack Kyser acknowledged that California's cost of living makes life difficult for minimum-wage workers. Yet Kyser cautioned against assuming that raising the minimum wage would solve the problem.

"You don't have a massive job loss if you raise the minimum wage. But over a period of time, business may start to look at ways to maybe reduce their reliance on minimum-wage workers," said Kyser, chief economist at the Los Angeles County Economic Development Corp. "If you increase (the minimum wage) by two to three times, then, literally, minimum-wage workers would be competing with more skilled workers. So you have to be careful because not only would you be hurting the people who earn minimum wage, but you'd be hurting the businesses, too."

Kyser suggested that gaining more education and skills can help such workers raise their standard of living while also filling a need in the economy.

The report's stated goal is to inform public policies that promote financial self-sufficiency by "boosting incomes or by providing help access to necessities, such as child care and health coverage."

The report also suggests that more funding can go into training and economic development to help minimum-wage employers gain higher-paying jobs. "We hope our basic family budgets provide a benchmark that policymakers, politicians and researchers can use to assess whether our public policies are appropriate to serve our working families," Ross said.

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From the Los Angeles Times

Poverty line out of touch with costs, advocates say

A report by the California Budget Project estimates that a two-working-parent family in L.A. needs \$74,044 to make ends meet.

By Alana Semuels

Los Angeles Times Staff Writer

October 17, 2007

Everyone knows living in California isn't cheap. But a new report casts a light on how challenging it is to afford basic necessities -- and how inadequate a minimum-wage job is to meet those needs.

A person working full-time for the state's minimum wage of \$7.50 an hour earns \$15,600 annually. But a single adult in Los Angeles needs to make \$28,126 a year to live modestly, while a single parent needs \$62,393, according to the California Budget Project, the policy group behind the report being released today.

A two-parent family in Los Angeles with one working member needs \$51,035, while a two-working-parent family needs \$74,044, the report calculated.

The group estimated the cost of housing, food, transportation, child care, healthcare, taxes and miscellaneous items in regions across the state.

Calculations were based on families who do not receive healthcare through employment, rent rather than own real estate and have a car.

"The standard of living envisioned is more than a 'bare bones existence,' " the report says, "yet covers only basic expenses, allowing little to no room for 'extras' such as college savings, vacations, or emergencies."

Many California families, even those who earn more than minimum wage, do not make enough to pay for basic necessities, the report noted.

"Many families at several multiples above the poverty line struggle to make ends meet," said Jean Ross, executive director of the California Budget Project, which advocates for low- and middle-income residents.

The report is intended to help policymakers assess where families need the most aid, Ross said. It presents its calculations as alternatives to the federal poverty line, which is often used to measure how families are faring economically.

But the poverty line, the report says, "is an obsolete measure that fails to take into account the reality of modern families." The federal poverty line for a family of four was \$20,650 in 2007, less than a third of what this report estimates they need.

Housing and health insurance are two of the most expensive items in a family's budget, Ross said, which highlights the need for programs to help families pay for them.

The report "really points out the need for healthcare reform," said Annette Grajeda, president of the Service Employees International Union Local 721. "That part of our everyday life should be taken care of."

In September, the California Legislature approved a plan to overhaul the state's healthcare system, but it was

vetoed by the governor. He called a special session to work out a compromise, but no deal has been reached.

The study said the San Francisco Bay Area was the most expensive region in the state to raise a family, requiring a basic budget of about \$77,069 for a family of four with two working parents. The San Joaquin Valley was the least expensive, with an estimated budget of \$62,624 for the same family.

California families spend more on housing than families in many other states. The report estimates that 23.3% of a single parent's \$4,978 monthly budget is spent on housing and utilities.

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Los Angeles Times: East L.A. is ready, financially, for independence



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From the Los Angeles Times

East L.A. is ready, financially, for independence

A new study finds that the community could support itself as a city, but some question the conclusions.

By Susannah Rosenblatt

Los Angeles Times Staff Writer

October 17, 2007

East Los Angeles could support itself as an independent city, according to a new report, boosting the latest effort to convert the unincorporated Mexican American cultural mecca into its own municipality.

Since 1961, supporters have tried three times to bring cityhood to the storied Latino community, and now the fourth movement seems to be gathering steam. This time, advocates say, the numbers prove a city of "East Los" could thrive.

The fiscal analysis, by an independent economic consultant, provides the most revealing financial picture to date of the area, according to cityhood organizers, who paid \$25,000 for the report. A city of East Los Angeles could generate at least \$48 million in projected annual revenue to support its own city council and such services as street upkeep, the study said.

Financial viability is crucial to a successful cityhood drive, which would transfer much of the decision-making authority from the Los Angeles County Board of Supervisors to a locally elected council.

Supervisor Gloria Molina, whose district includes East Los Angeles, remains neutral on the cityhood question and skeptical about the finances, despite the report.

"It's very, very glamorous to think about a city incorporating itself," said Molina, who wants further study and clarification. "Can it sustain itself? That's the real question."

Covering less than eight square miles, the city of East Los Angeles would be home to an estimated 135,000 residents, making it the 10th-largest city in the county. It still would pay the county to provide law enforcement, fire protection, traffic enforcement and animal control services, according to the report by Burr Consulting.

Because of reduced overhead costs, the city of East Los Angeles would pay only \$13 million for law enforcement, compared with the \$24 million the county spends for Sheriff's Department protection there now, the study found. The Sheriff's Department, however, questions that finding: "People usually contract with us because their overhead costs are reduced dramatically without reducing the quality of law enforcement," said sheriff's spokesman Steve Whitmore.

Residents of the city of East Los Angeles might pay more for trash pickup.

What would change most dramatically, according to backers of the effort, would be East L.A.'s ability to shape its destiny.

The area, crisscrossed by four freeways, "has been an orphaned child in Los Angeles County," said state Sen. Gloria Romero (D-Los Angeles), a strong supporter of cityhood for the area. "This is a vibrant community with a long history that cries out for representation."

Los Angeles Times: East L.A. is ready, financially, for independence

Previous tries for cityhood faltered because of business and homeowner opposition, a lack of financial support and fear of higher property taxes.

East Los Angeles residents, nearly all Latino, are poorer than those of nearby cities; the area long has grappled with gang violence. But Molina has worked to put more sheriff's deputies on the street and opened a government services center in February. She heralded the recent arrival of a Starbucks as a sign of economic revitalization. And the Gold Line light-rail extension, now being built, will connect East L.A. with downtown.

On the streets of East L.A. one recent day, views on prospective cityhood were mixed.

Working at Botanica la Merced on Cesar Chavez Avenue, Carlos Martinez, 53, said crime had decreased in recent years, and life was pretty good. But he'd like to see local activists attract businesses and jobs.

The report found that sales tax revenue wasn't as high as organizers had hoped, and they complain that too much East Los Angeles land has been used as a "dumping ground" for such tax-exempt county facilities as sheriff's and fire services.

Some people were opposed to cityhood.

"I think you should just belong to the county," said Basilio Landeros, 44, co-owner of Party Planet Supplies. "The county has all the funds.

"If [the San Fernando Valley] couldn't become a city, why do you think East Los Angeles could become a city?" Landeros asked. The Valley "has more clout. . . . To me, it's better to leave it the way it is."

But others saw the possibilities.

For Garfield High School senior Jackie Amaya, it's just a matter of educating residents. "They're not fully aware of what the benefits could be," said Jackie, 17, who learned about the issue from her government teacher Alberto Palacios, a cityhood activist.

The financial report is only the first step in a lengthy process. Organizers must gather signatures from 25% of East L.A.'s 34,000 registered voters to proceed with incorporation. Then, the county agency that oversees the formation of cities must prepare its own economic report, which could take six months or more, and ultimately hold a hearing to approve the incorporation effort. The Board of Supervisors also would review that decision. Finally, East L.A. voters would decide whether to make East L.A. a city.

Organizers hope to incorporate by April 2009.

There is incentive to move quickly: Under state law, cities formed after June 2009 stand to lose a chunk of the vehicle license fees and gasoline tax revenue that would help them cover the cost of providing services.

"We're not going away," said Oscar Gonzales Jr., president of the East Los Angeles Residents Assn., which funded the study. "We want to try and make things better."

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If you want other stories on this topic, search the Archives at latimes.com/archives.

Landlords say that, unless Congress steps in and fixes the mess, more property owners will decide to quit the program when their HUD contracts run out. That raises the specter of thousands of new homeless persons, lawmakers say.

As a result of the mess, Cox became HUD's point man. OMB ignored a committee request to testify and the Government Accountability Office (GAO) sat mute for the most part, relying on a two-year-old investigation to carry its weight.

The GAO probe in 2005 warned HUD to streamline the program, but GAO's David Wood acknowledged HUD had ignored the warning.

At one point, following considerable parrying with lawmakers, subcommittee Chair Maxine Waters (D-CA) tells Cox the committee will stay in session all day if necessary to elicit a straight-concise answer from Cox, to no avail. Cox's replies to key questions are unintelligible jargon for the most part.

When asked by Rep. Emanuel Cleaver (D-MO) when he first knew of the problem, Cox replies, "In August."

Yet, OMB sent HUD \$1.2 billion in mid-July, a move that hardly would be unnoticeable to the person holding HUD's purse strings.

When, following the hearing, *HAL* asked Cox to clear up the discrepancy, a Cox handler from HUD's congressional liaison office barred questions with a brisk shove and referred queries to HUD's publicity office.

The response: "As discussed at the hearing, the CFO recalled that he was not apprised of the Sec. 8 funding situation until the August time-frame. Looking back at his records, he found that he actually did participate in discussions on this issue in late July 2007."

Lawmakers determine that HUD should have requested at least \$8 billion for FY 2008 to cover all costs. But HUD isn't the only culprit. OMB, as with most departments in the Bush administration, sets down what the department should request, and HUD subsequently follows orders.

After spending millions to keep Sec. 8 landlords in HUD's fold, the House is expected to draft legislation tightening the reins on HUD and OMB, and the Senate likely will hold a hearing as well, *HAL* is told.

Lawmakers are expected to press appropriators negotiating HUD's FY 2008 spending proposal to add sufficient money to cover landlord payments.

Info: www.cdpublications.com/docs/4327

Habitat Gets \$8.4 Million HUD Grant

Habitat for Humanity International receives an \$8.4 million grant from HUD's Self-Help Homeownership Opportunity Program.

Georgia-based Habitat has built more than 225,000 houses internationally using prospective homeowners to help with construction, a concept the organization created known as sweat equity.

* Pet Ownership In Assisted Housing

HUD clarifies its rules governing the owning of pets in assisted housing for the elderly and disabled.

The change would conform pet exceptions for the elderly and disabled with HUD rules applying to public housing overall.

Comments are due Dec. 14.

Info: www.cdpublications.com/docs/4323

PUBLIC HOUSING

HANO Seeks HOPE VI Assist

Louisiana: The Housing Authority of New Orleans (HANO) will apply for \$40 million in HOPE VI grant money to help rebuild two public housing projects abandoned after Hurricane Katrina struck in 2005.

The two \$20 million grants would apply to the Desire and St. Thomas complexes, converting them to mixed-income neighborhoods.

While HANO will have to compete with other cities for the limited grant money—about \$100 million a year or five grants, the public housing agency has an inside track. It is managed out of HUD headquarters as a troubled agency and as a Katrina recovery center.

If granted, the \$40 million would supplement \$178 million in tax credits acquired by HANO as well as Community Development Block Grant assistance.

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From the Los Angeles Times

REAL ESTATE

L.A.-area first-time buyer programs

October 21, 2007

There's help in all directions

Eligible first-time buyers seeking mortgage, down-payment, closing-cost and other assistance can tap into a number of government and private programs. Here is a sampler:

California Housing Finance Agency (CalHFA): Provides financing for first-time buyers who fall within specific income ranges. (877) 922-5432; www.calhfa.ca.gov.

Los Angeles Housing Department: Offers assistance with down payments, closing costs and property rehab. (213) 808-8800; www.lacity.org/lahd

Extra Credit Teacher Home Purchase Program: Provides a reduced interest rate on some CalHFA mortgages to qualified teachers. (877) 922-5432; www.calhfa.org/homebuyer/.

Los Angeles Neighborhood Housing Services: Nonprofit lender and housing developer offers loan counseling. (213) 381-2862; www.lanhs.org.

Orange County Housing and Community Services: Offers mortgage and tax-credit assistance, among other services. (714) 480-2900; www.ochousing.org/homebuyer.asp.

Affordable Housing Clearinghouse, Lake Forest: Provides education, counseling and flexible mortgage loans to low- and moderate-income families. (949) 859-9255 or (877) 990-5626; www.affordable-housing.org.

L.A. County Community Development Commission: Provides first mortgages, silent seconds and more. (323) 890-7281; www.lacdc.org.

Pasadena Neighborhood Housing Services: Provides financial assistance and counseling. (626) 794-7191; www.pasadenanhs.org.

Inglewood First Time Home Buyer program: Offers silent seconds to qualified first-time buyers. (310) 412-5290; www.cityofinglewood.org/depts/commdev/redevelopment/.

Azusa Down Payment Assistance Program: Offers \$125,000 (or up to \$140,000 for public servants, such as firefighters, police and teachers) for first-time buyers meeting the CalHFA eligibility requirements. (626) 334-9300.

Area Housing Authority Home Buying School: Free classes and counseling for low- to moderate-income buyers in Ventura County: (800) 549-0337, Ext. 167; www.ahahomebuyingschool.com.

Assn. of Community Organizations for Reform (ACORN): In partnership with Bank of America, provides 100% financing for mortgage loans up to \$500,000 for qualified borrowers. (213) 748-1345; www.acornhousing.org.

Fannie Mae's MyCommunityMortgage: Offers a range of options, including extra flexibility with nontraditional credit histories and income sources. (800) 732-6643; www.fanniemae.com/homebuyers/.

Countrywide Bank's Express Grant: Provides closing-cost assistance of up to \$2,000 to eligible low- to moderate-income Countrywide borrowers or those purchasing in low- to moderate-priced communities. Available in Los Angeles, Orange, Riverside and San Bernardino counties. (888) 564-7268.

Korean Churches for Community Development: The Los Angeles nonprofit offers home-buying classes and counseling for government down-payment and other assistance programs. (213) 985-1500; www.kccd3300.org.

-- Diane Wedner

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From the Los Angeles Times

REAL ESTATE

A chance for first-time buyers

Public and private programs can help low- and moderate-income families gain homeownership.

By Diane Wedner

Los Angeles Times Staff Writer

October 21, 2007

TODAY'S roiling mortgage market and still-high prices have made buying an entry-level house in Southern California seem about as likely for struggling first-time buyers as owning a villa at Italy's Lake Como. At least, that's how Christopher and Hedy Maar saw it. Then lightning struck.

The couple, who had been renting a North Hollywood house for five years, learned early this summer about state- and city-government programs for first-time buyers needing financial help purchasing a home.

Shortly after attending 12 hours of home-buying classes -- the first rung of the assistance ladder -- they found the brick-trimmed Granada Hills house with beam ceilings they now call home. It was listed at \$479,950, a bargain by Valley standards but a stretch for the 37-year-old self-employed construction contractor, his wife who works part time and their family.

"I was surprised we were able to do it," Christopher Maar said. "It's rare in life when you dream of something like this and it works out so well."

The Maars, along with a growing number of other first-time buyers, owe their good fortune to a variety of programs that serve low- and moderate-income Southern Californians. Most are government sponsored, although some are private. Plus, the changing market has created some foreclosure-buying opportunities.

The help comes in the form of down-payment assistance, first mortgages and "silent" loans -- second, third and fourth mortgages that do not have to be repaid until the end of the loan period, or until the house is sold or refinanced. Most silent loans are repaid with interest -- even if the homes do not appreciate in value.

These are all 30-year (or longer) mortgages, not the sub-prime loans that have made headlines. Strict income and home-price ceilings must be met.

Finding the right program to fit buyers' budgets and getting through the process is no cakewalk, and expectations about the "perfect" house often must be lowered. A host of organizations provide education and counseling, and some also offer flexible mortgages to low- and moderate-income families.

To qualify for loans from the California Housing Finance Agency, or CalHFA -- the state agency provides financing for first-time buyers who fall within specific income ranges -- a household of three or more people in L.A. County may earn no more than \$98,420 for the moderate-income program, or \$61,272 in the low-income program. In Orange County, the limits are \$115,178 and \$71,705, respectively.

The Los Angeles Housing Department, which offers assistance with down payments, closing costs and property rehab in dozens of the city's communities, sets the income limit for a four-person household at \$59,200.

Navigating the process

The Maars are typical of moderate-income buyers who need help buying a home. Christopher, who often works at least six days a week, and Hedy, 34, who works part time in a dental office and cares for their two young daughters, tried for years to save enough money for a down payment, but as home prices escalated, their goal increasingly felt out of reach, Christopher said.

After hearing from a friend about local lending programs, Hedy visited the housing department's website at www.lacity.org/lahd to see if her family qualified. It did. Then Donna Reino, a counselor at Los Angeles Neighborhood Housing Services, a nonprofit lender and community developer, helped the Maars navigate the loan process.

Because of their excellent credit, zero debt and an income within the guidelines, they qualified for three loans to purchase a 1,000-square-foot, two-bedroom home on a 7,500-square-foot lot. They also were eligible for a 1% down payment with their 12-hour home buyers' education certificate, although they put down \$10,000, or closer to 2%. The house was bank-owned and needed work, which helped price it within their programs' parameters and their budget.

The Maars' CalHFA first mortgage of \$377,623 is a 35-year fixed loan, which they got at 6% interest. By comparison, in August, non-CalHFA borrowers paid at least 6.5% on 30-year-fixed conforming loans; 35-year mortgages, which are unusual, typically cost more.

The couple also qualified for a CalHFA 30-year silent-second mortgage of \$12,500, at 6.75% interest. Their \$87,694 third mortgage is through the Los Angeles Housing Department; the "MOD 120" loan is for moderate-income home buyers needing help purchasing and rehabilitating their homes. Some of that loan will go toward fixing up the Maars' house; the remainder is "gap financing," the difference between the purchase price, with closing costs, and the amount of their first mortgage and down payment.

The second and third mortgages are deferred, meaning the Maars don't have to make monthly payments on them.

They are repaid as a lump sum in 30 years unless the house is sold or refinanced before then. They pay no interest on the purchase-assistance portion of the third loan but pay 3% simple interest on the rehabilitation portion. Their total monthly payment, including taxes and insurance, is \$2,690. They also must share a percentage of the home's appreciation when the house is sold -- 3% in their case -- based on a housing department calculation for the purchase-assistance loan. That rule doesn't always go down easily with buyers.

"Some clients tell me they don't want to share the appreciation on housing-department loans. I tell them to stay a renter," said Roberta Berthold, a Golden Empire Mortgage lender in Sherman Oaks who specializes in low- and moderate-income buyer programs. "The loan layering gets very complicated, and clients get frustrated, but I tell them it's worth it."

Rules for eligibility

It must be. In 2005, the Los Angeles Housing Department, for example, funded 37 low-income and 13 moderate-income loans. So far this year, it has funded 105 low-income and 169 moderate-income loans, according to the department. And cities throughout Southern California sponsor such programs, each with their own set of eligibility rules. Borrowers should consult their city's or county's local housing, community development or redevelopment agencies to check out the programs.

To qualify for a housing-department loan for down-payment assistance and closing costs in L.A., borrowers must

be first-time buyers and purchase a home within the city. If married, both partners must be first-time buyers. The low-income loan ceiling is \$90,000 for purchase assistance only and \$115,000 for purchase assistance and rehabilitation. Other loans are available too.

The housing department's annual income limit for a low-income, one-person household is \$41,450, and \$47,350 for two people. There also are two moderate-income programs, which have higher income ceilings.

It's one thing for buyers to get mortgages. It's another to find homes they can afford, especially in Los Angeles and Orange counties. Counselors urge them to think condo. That's what Amy Gross did. The Orange middle-school math teacher, 26, began saving for a house in her teens. She lived at home while earning her college degree and teaching credential, to save every nickel.

Finally, with \$20,000 in the bank and knowing she was eligible for a program to help teachers, Gross started looking for a condo about a year ago. She also signed up for a homeownership class, where she met Bonnie Morris, homeownership manager for the Affordable Housing Clearinghouse in Lake Forest, an Orange County nonprofit.

To pay for her two-bedroom, \$285,000 condo -- the 900-square-foot foreclosed unit is a bargain in Laguna Hills -- Morris guided Gross to two CalHFA loans: \$230,000 for her first mortgage and \$12,500 for the second. Her \$40,000 third mortgage is from Orange County's Mortgage Assistance Program. She got an \$8,580 fourth loan from the state's Extra Credit Teacher Program, which requires that the borrower teach in a low-performing public or charter school.

Gross' monthly payment is \$1,600, plus \$250 in homeowners' association fees. Her three subordinate loans are deferred, and she used some of the money to fix up the unit.

"Being low-income, I thought I would never own," Gross said. "I'm thrilled."

In Los Angeles, low-income buyers also can get funds through the housing department's American Dream Downpayment Initiative. The loans are equal to 6% of the purchase price or \$10,000, whichever is greater. The amount is added to the purchase-assistance loan.

The city's Mortgage Credit Certificate Program issues certificates allowing home buyers to claim up to 20% of the annual interest paid on their mortgages as a federal income tax credit.

Those who live in other parts of L.A. County get a break too. The county's Community Development Commission sponsors the Homeownership Program, which includes education seminars, first mortgages, silent seconds, down-payment assistance and mortgage credit certificates.

Fannie Mae and Freddie Mac, the nation's largest providers of mortgage money, offer their own assistance. Fannie Mae's Flexible 97 and Flexible 100 programs help buyers with limited down payments and closing costs, and their MyCommunityMortgage program offers 100% financing. Freddie Mac's Home Possible Mortgages allow zero or low down-payment and flexible credit terms, among other options.

Private organizations also offer home-buying assistance to first-timers. The California Assn. of Realtors' Housing Affordability Fund distributes monies to local associations that partner with groups facilitating homeownership. The Assn. of Community Organizations for Reform (ACORN), an advocacy organization for low- and moderate-income families, has collaborated with the Bank of America on a program with 100% financing and no private mortgage insurance on loans of up to \$500,000. Korean Churches for Community Development in Los Angeles offers home-buying education and loan counseling for first-time buyers. Cities such as Pasadena, Inglewood and Fountain Valley provide home-buying assistance; the programs vary from city to city and county to county. The bottom line is, help is out there.

"Owning a home has changed my life," Christopher Maar said. "I look at my wife and she's happier every day."

You can't put a dollar figure on that.

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<http://www.latimes.com/news/local/la-me-housing21oct21,1,5041736.story>
From the Los Angeles Times

A struggle to get Housing in order

The L.A. agency's director has discovered millions of dollars missing and thousands of residents unserved.

By Jessica Garrison and Ted Rohrlich

Los Angeles Times Staff Writers

October 21, 2007

When Rudolf Montiel came from El Paso three years ago to clean up the Housing Authority of the City of Los Angeles, he didn't know enough to be daunted.

It didn't take long, however, for him to get a sense of the challenges ahead.

Precious vouchers for the poor and disabled seemed to be for sale on the black market, allowing hundreds of newly arrived immigrants to jump to the top of a 10-year waiting list for housing subsidies. A consultant looking into the problem found "a virtual feeding frenzy in which corruption, manipulation and fraud is strongly evident."

That was hardly the only disturbing discovery:

- * Employees in one department appeared to be stealing, issuing themselves checks and then erasing the evidence.
- * Millions of dollars set aside for rehabilitating a Watts housing project seemed to be missing.
- * Parts of some housing projects had been commandeered by gangs to sell drugs, run brothels and hold dogfights.

Fresh from success building a nationally recognized housing authority in his hometown of El Paso, Montiel felt as though he'd entered a mysterious foreign culture, "like I was in the Kremlin, and I wasn't Russian."

Three years later, he still is struggling to bring order and ethics to an agency in which bad management and corruption have been endemic for at least 30 years.

Yet, even as he has trumpeted his reform efforts, new controversies have emerged on his watch.

In interviews, Montiel, 46, laid bare details of many agency woes for the first time, at times wishing aloud for an exorcist and comparing his job to fighting a multiheaded hydra.

To date, Montiel said, he's spent \$7 million on private eyes, auditors and lawyers -- mostly lawyers. He's referred some staff for prosecution, sued some for damages and outsourced the work of a whole department.

There have been setbacks. Earlier this year, a Times review of internal documents showed that a former manager had directed nearly \$800,000 in contracts to his brothers and politically connected firms without competitive bidding or after rigged contests. He allegedly overpaid for the work as well, doling out nearly \$2,500 apiece to install toilets in housing projects. The manager, who was fired, has denied wrongdoing and a criminal investigation is ongoing.

Not long afterward, Montiel fired his chief investigator, the very person he had appointed to get to the bottom of such misdeeds. In a lawsuit, his administration accused the sleuth of engaging in a delusional witch hunt.

The agency has been racked by interpersonal and racial tension, absenteeism and resentment over Montiel's aggressive management style.

Employees have complained of a jarring transition and a "rush to justice," saying that Montiel and his deputies "seem bent on getting rid of people," according to a 2007 consultant's report.

Given the troubles he inherited, some advocates for the poor, as well as city and federal officials, applaud Montiel for making remarkable strides. Donna White, a spokeswoman at the federal Housing and Urban Development department, said the director has put an agency that was on the brink of a federal takeover on solid ground.

Even so, the ongoing turmoil is a distraction from the agency's already formidable mission -- providing for the housing needs of more than 120,000 of Los Angeles' poor and disabled.

Because of funding limitations, five times as many people qualify for help as can be accommodated. Tens of thousands such as Eleanor Colon have been waiting years for subsidies to help them get off the streets or out of homeless shelters.

"I don't see why they have to take so long to get people off the waiting list," said Colon, a 28-year-old single mother who applied nine years ago for subsidized housing. Now her "kids are half grown."

"When I needed it most, why wasn't it there?"

Some officials said they find it appalling that this critical agency was allowed to fall into such disrepair.

"It's horrifying," Councilwoman Janice Hahn said of the agency's troubles. "These [clients] are residents of the city of Los Angeles, and they deserve a lot better."

An orphan agency

For a bureaucracy of its size and reach, the Housing Authority in Los Angeles has historically received relatively little attention, from the public or the government.

It is the largest housing authority west of the Mississippi, with 8,000 public housing units extending from San Pedro to the San Fernando Valley. It also manages 44,500 Section 8 vouchers, federal subsidies paid to private landlords to cover rent for the poor.

Run by a commission appointed by Los Angeles' mayor, the agency receives the vast majority of its \$850 million annual budget from the federal government.

But it is more or less an orphan: Most city officials have not involved themselves deeply in its operations, and U.S. officials have offered only sporadic scrutiny. Problems date back decades. Three of the last four executive directors left after inquiries involving alleged misappropriation of funds or improper contracting.

Montiel arrived after the top leader and his second in command departed in quick succession.

Director Don Smith took early retirement in 2004 after the agency gave out thousands more housing subsidies than it was authorized to provide. After HUD refused to cover the extra subsidies, the agency told 1,500 poor people they couldn't use their vouchers after all. An audit later found that the authority had \$30 million on hand that would have been more than enough to cover the vouchers.

After Smith left, his second in command, Lucille Loyce, was fired. A federal audit had found that public-housing tenant organizations, which she oversaw, paid more than \$2.1 million in no-bid contracts to a consultant, Duane

Williams, who was her longtime friend. He performed ineffectually, the audit said.

In a pending lawsuit against the pair, the authority makes other startling allegations, including that Williams insisted that members of tenant boards undergo expensive dental work at agency expense, then he and Loyce blackmailed them into keeping quiet about other misconduct.

Loyce has said she did nothing wrong and that she was fired because of race and sex discrimination, according to court papers. Williams did not respond to repeated requests for comment.

HUD referred the matter to the U.S. attorney's office, which declined to prosecute after investigators found no evidence that Williams paid Loyce kickbacks.

Then-Mayor James K. Hahn's office brokered a deal with federal officials to hire Montiel, who had their confidence, averting the embarrassment of federal receivership.

Suspicions are raised

Although perennially late for appointments, Montiel has polished manners, reflecting an Old World courtliness and charm. He is a practicing Catholic who prays before meals, frequently refers to himself as "blessed" and ends conversations with the sign-off "Peace." He said he came to Los Angeles feeling "honored and humbled."

He also brought an unshakable confidence in his abilities and a national profile as a housing leader, carefully nurtured during frequent trips to Washington, D.C., and other cities.

Almost immediately, Montiel, who makes \$225,000 a year, sensed trouble. Simple requests for information about, for example, the number of people receiving Section 8 vouchers, took days. And the answers he did get were incomplete.

His suspicions were heightened when he and federal officials noticed that a large group of newly arrived immigrants -- ineligible by U.S. law for housing subsidies -- had vaulted to the top of the Section 8 waiting list and had been issued vouchers in what appeared to be an organized scheme. The situation remains under investigation, he said.

Montiel said he began receiving anonymous letters, warning that he was looking into things he shouldn't and that he ought not go to housing projects alone. "You never know what might happen to you," he recalled one missive saying.

Montiel tends toward dark humor when describing the threats, but they clearly shook him. Even three years later, he won't say where he lives with his wife and son.

Nevertheless, he said, he was not deterred. Nor has he hesitated to cast himself as the public face of the agency: The lobby of its headquarters is decorated with 10 large photographs of Montiel with Mayor Antonio Villaraigosa, other public officials and smiling children.

He has drawn praise from some quarters for his perseverance in trying to smoke out problems. What Montiel discovered "flabbergasted" and "appalled" the commissioners who oversee the agency, recalled Eleanor Williams, a former board president.

"I couldn't believe that this very important agency helping the neediest people in our city was having so many problems," she said.

Montiel, too, was initially taken aback by what he found.

In the agency's information technology department, some employees had been cutting themselves checks, but there was no way to tell how many. Evidence had been purged from office computers.

There were signs, however, that it was not a small problem: One high-level staffer resigned under pressure after allegedly cutting himself a check for \$7,600. At the end of 2005, the post office returned hundreds of 1099 income tax forms as undeliverable, suggesting that hundreds of thousands of dollars may have been diverted to staffers using false names, Montiel said.

At the Jordan Downs housing project in Watts, paperwork was such a mess that it was impossible to say where millions in rehabilitation funds went, whether they were lost to incompetence or misappropriated.

In the Section 8 department, Montiel said he discovered that more than 50 employees had a potential conflict of interest: They owned dwellings approved for subsidies, and thus were collecting rent money from the program their department oversaw.

Meanwhile, the waiting list for Section 8 subsidies stood at about 90,000 families.

Implementing new rules

Montiel dug in, confident he could turn the agency around.

As instructed by HUD, he halted the distribution of vouchers for two years until the legitimacy of the Section 8 waiting list could be verified.

He pushed through new rules prohibiting employees from owning property in the Section 8 program or doing business with the authority.

Private investigators were dispatched to follow suspect staffers. Forensic auditors were hired to pore over paperwork.

Then, this summer, Montiel fired his own chief investigator, Abel Ruiz. Ruiz told reporters he was targeted because he was pushing too hard in the investigation of alleged bid-rigging that had been spotlighted by The Times.

Not so, agency officials shot back in a lawsuit, which stated that Ruiz was fired because he had inappropriately started investigating Montiel's distant relatives and a sitting councilman.

In this charged atmosphere, some staffers say morale suffered.

One employee, who spoke on condition of anonymity, saying he feared retaliation, dismissed Montiel as a bad leader who "came in like a whirlwind" and made people "scared for their jobs."

In claims to the federal government's Equal Employment Opportunity Commission -- some of which, officials said, have been dismissed for lack of evidence -- African American staffers have alleged discrimination.

A consultant's report refers to a staffer's concern that Montiel's administration represents a "Latino mafia." Montiel adamantly denies the allegations, noting that 40% of the agency's managers are African American.

For all the staff unrest, housing advocates say it is the city's poor who stand to suffer most for the agency's dysfunction.

Last winter, citing agency mistakes and mismanagement that in most cases preceded Montiel's tenure, the federal government pulled \$13 million in grants that city officials and nonprofit agencies had been counting on to house the homeless.

The city and the housing authority found other funds to make up for the loss, but some homeless advocates remain incensed.

The needy pay a price

On a recent Thursday, hundreds of poor women and children, seniors and disabled people poured into the Los Angeles Convention Center -- a vivid demonstration of the demand for subsidized housing in the city.

The crowd was seeking the Section 8 vouchers that had finally been unfrozen after more than two years.

Among them was Colon, the 28-year-old single mother who first applied for Section 8 nine years ago, when she was pregnant with twins.

For much of the last decade, while she has been on the waiting list, she lived with her twins and younger daughter in a crowded studio apartment in Highland Park, she said. They moved a year ago but were recently evicted. The family was briefly homeless before Colon found a one-bedroom apartment in Lancaster.

"It's terrible out there," she said.

Patrice Candy Hill, 28, and her family no longer need to stand in such lines. Earlier this year, she and her two children moved into a subsidized apartment.

But the 10-year wait, she said, came at a steep emotional price. In 2004, when her oldest daughter was 2, she was promised a voucher -- only to have it revoked amid the scandal involving the former director.

Hill and her children wound up in a single-room occupancy hotel downtown, where they stayed for almost three years. It took agency officials that long to get her another voucher.

Though relieved to have a home now, she still cries when recalling the time on skid row.

"A lot of things went on down there that women, little children should not see," she said. "People dying. People committing suicide. And my kids were there with me."

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DailyNews

LOS ANGELES

L.A.'s \$150 condo fee may be changed or repealed

BY KERRY CAVANAUGH, Staff Writer
LA Daily News

Article Last Updated: 10/24/2007 10:57:12 PM PDT

Concerned that Angelenos selling their condos have been hit with a \$150 fee under an old, unused affordable-housing ordinance, City Council voted Wednesday to study whether to update or repeal the law.

Under the 33-year-old ordinance, the city has the right of first refusal to buy condos built after 1974. But with little extra money, the city has almost always waived its right to purchase units.

Earlier this year, the Los Angeles Housing Authority enacted a \$150 fee to process the waivers.

But Realtors and some builders have questioned why the city would choose to keep - and charge a fee - under a useless law.

Councilwoman Janice Hahn said she wants the fee stopped and the law repealed.

"We get a lot of complaints about fees and taxes on residents. This, in my opinion, is just one more of those unjustified fees we place on people. It causes more of that anger toward City Hall," she said.

Housing Department General Manager Mercedes Marquez said she will study whether the law can be changed to help middle-class families afford to buy a condo with city-sponsored, low-interest loans.

"Given the way the market is dropping now, there may be a way to take advantage of it," Marquez said.

"Is it possible to modify the law? If not, we would come back and probably recommend that it be repealed. If you're not going to use it, it makes no sense for it to exist."

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The present spending law, HJ Res 52, expires Nov. 16. There is a minimum of nine working days left before the Thanksgiving holiday break, if lawmakers work their traditional three-day week.

The time crunch indicates spending will remain at the FY 2007 level indefinitely.

PUBLIC HOUSING

* HUD Takes Over Miami PHA

Florida: After several false starts and threats of legal action by local officials, HUD assumes command of the troubled Miami/Dade Housing Agency (MDHA).

The takeover, with Asst. Secy. Orlando Cabrera back on home turf to lead the effort, follows by one week an agreement to settle the lawsuit the county filed to block the move.

HUD takes control of all MDHA activities, including its public housing and Sec. 8 programs. Cabrera names his senior adviser, Donald Lavoy, to head the effort.

ASSISTED HOUSING

Fire Victims To Get HUD Aid

HUD will move teams of volunteers into fire-ravaged areas of southern California to set up a national housing locator computer system at disaster centers. Officials tell *HAL* the need is so great, HUD refuses to wait for a green light from the Federal Emergency Management Agency (FEMA).

Officials say FEMA controls aid efforts until the agency hands over authority to other programs. But in this instance,

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HUD intends to move into the area without FEMA's blessing.

HUD's move is spurred by a presidential disaster declaration Oct. 25 to step up federal aid. Under the declaration, HUD routinely grants immediate foreclosure relief with a 90-day moratorium on foreclosures and forbearance on foreclosures of Federal Housing Admin. (FHA)-insured mortgages.

California receives flexibility to redirect Community Development Block Grant (CDBG) and HOME program money to provide housing and services for victims.

The move to set up a housing locator is a new HUD effort (<http://hudapps.hud.gov/nhls>). The department moves teams into affected areas to help provide temporary housing until victims can map plans for rebuilding.

* Sec. 8 Expansion Eyed

Illinois: The Danville Housing Authority (DHA) is flush with Sec. 8 money and must find ways to spend it.

A recent HUD audit found DHA spent less than the required 95% of its Sec. 8 subsidy. The authority received about \$2.2 million in FY 2007 and faces a funding cut unless it finds a way to spend the balance.

One solution under study is to expand its service into a neighboring county, which lacks a Sec. 8 housing agency.

DHA is authorized 620 vouchers but only 530 have been issued under the authority strict screening process. Nearly 700 people are on the DHA waiting list, but it loses almost as many clients as it gains, with voucher holders moving to other locations or simply abandoning their units.

FAIR HOUSING

Groups Receive FY 2007 Subsidies

Kim Kendrick, HUD's assistant secretary for fair housing and equal opportunity, jets to New Orleans to confirm who gets how much money in the FY 2007 round of federal housing subsidies to fair housing groups.

Groups will share \$17.1 million, including \$1 million to California-based New America Media to develop a massive newspaper, television and radio-advertising campaign to illustrate predatory lending practices.

Kendrick says 88 grants will go to fair housing groups in 37 states and the District of Columbia.

AFFORDABLE HOUSING

Factory Home Installation Rule Final

HUD signs off on its final rule governing installation

standards for new manufactured homes.

The national Manufactured Housing Construction & Safety Standards Act of 1974 requires HUD to set such standards.

Info: www.cdpublications.com/docs/4373



HUD

Artist To Deliver HUD Portraits

New England artist Daniel Duffy is scheduled to deliver his portraits of five HUD secretaries on Saturday, Oct. 27, when no one is looking.

HUD officials will receive the \$100,000 portraits without fanfare in light of the controversy they have triggered.

Duffy, Yale U.'s most commissioned artist, completed the paintings in record time, using photos of the five secretaries—Alphonso Jackson, Jack Kemp, Henry Cisneros, Andrew Cuomo and Mel Martinez—rather than personal sessions to develop them.

The portraits, at \$20,000 each, will join others in a permanent display in HUD's new \$7.2 million cafetorium, scheduled for a grand opening in December. The secretaries will gaze on diners in the revamped auditorium, cafeteria and fast-food outlet, all except Jackson, whose portrait will remain closeted until he departs HUD.



HEARD AT HUD

Jackson Eyeing Early Out?

Despite HUD Secy. Alphonso Jackson's assurance to President Bush that Jackson would remain HUD's top executive until the end of the administration, *HAL* sources say Jackson is looking for a credible reason to bow out of the department honorably.

The change in plans has been determined by the new round of legal wrangling surrounding Jackson and the likely fallout on Republicans in next year's election if he ultimately hits a legal wall.

While Bush publicly is firmly behind his long-time friend and golfing buddy, the three-pronged investigation—Justice/FBI, HUD Inspector General and federal grand jury—into Jackson's activities at HUD (*HAL*, 10/5p1) is said to have GOP leaders reeling.

With Republican political shenanigans fading in the public's memory and the nation's focus now on the Democratic leadership in Congress, GOP insiders privately are saying the party can't afford another major scandal, especially in the top housing office at a time when housing is undergoing a major upheaval.

A Jackson departure likely would end probes into his possibly lying to Congress over HUD contracts and moderate remaining investigations.

Meanwhile, Jackson, who favors travel and thrives on glad-handing, has dropped out of the public eye since disclosures of the far-reaching investigations surfaced.

COMMUNITY DEVELOPMENT

CDBG Money Shuffle On Hold

Mississippi: A plan by state officials to shift \$600 million of Community Development Block Grant (CDBG) housing money targeted to Hurricane Katrina victims has created a political firestorm in the state.

As of Oct. 25, a request for waiver of the rule governing spending the money had not been received by HUD, officials tell *HAL*. HUD Secy. Alphonso Jackson is under considerable political pressure from congressional leaders to reject the request (*HAL*, 10/19p4).

The request may never reach HUD. Gov. Haley Barbour (R) faces reelection Nov. 6 and the state GOP fears the political fallout, complicated by the travails of the state's top Republican, Sen. Trent Lott, could jeopardize the election even though Barbour has had a safe lead until now (Lott is in the political dog house for his post-Katrina activities and support of the administration's immigration reform bill and S 2205, the proposed "DREAM Act" immigration bill).

Opponents contend 15,000 families remain in Federal Emergency Management (FEMA) trailers while Barbour wants to rebuild and expand the port of Gulfport.

The port was valued at \$127 million before the hurricane—it sustained \$50 million in damage—but Barbour wants the expansion, contending it would add 528 new jobs over 10 years. Part of the request is a waiver from the requirement to create one full-time, permanent job for every \$35,000 of CDBG money used. The \$600 million would create only one job for each \$460,000 spent.

The plan is hampered by questions into how the state spent \$4 billion of the \$5.4 billion of CDBG monies. Congress required 50% of all money be distributed to people with low or moderate incomes, but HUD waived its rules for 80% of the money spent.

HOMEOWNERSHIP

Sec. 8 Homeownership Eligibility

A final HUD rule revises regulations for the homeownership option authorized under the Housing Choice Voucher (Sec. 8) program.

The rule authorizes public housing authorities to award a Sec. 8 homeownership assistance voucher for the purchase of units not yet under construction at the time the family contracts to purchase a home.

Info: www.cdpublications.com/docs/4375

HOMEBUILDERS

Builders See Green In Green

Environmental building standards, dubbed "green" building, will top the agenda of the Nat'l Assn. of Home Builders (NAHB) at the trade group's annual convention in Orlando next Feb. 14.

NAHB says the initiative will link state and local green building programs with a universal online certification tool, set up a registry of green homes and builders, and provide educational tools and resources to builders and homebuyers.

The trade group says it intends to bring green building into the mainstream by keeping it affordable with a low-cost administrative and certification program.

GSEs

Dem Report Justifies GSE Flexibility

A study prepared by Democrats on the Joint Economic Committee says 2 million subprime mortgages could end up in foreclosure through 2009 unless Fannie Mae and Freddie Mac are allowed to increase their investment portfolio sizes to help purchase new loans.

Committee Chairman Charles Schumer (D-NY) contends \$71 billion in wealth could be lost and the spillover effect on surrounding neighborhoods could reduce property values by another \$32 billion as well as cutting tax revenue to state and local governments by more than \$917 million.

Schumer has been in the forefront seeking a financial bailout for homeowners caught in the subprime squeeze, but he hasn't been able to generate enough support for the effort.

Instead, Schumer commissioned the report to justify such moves. The study, *The Subprime Lending Crisis: The Economic Impact on Wealth, Property Values & Tax Revenues and How We Got There*, recommends increasing the Federal Housing Admin.'s (FHA) ability to insure subprime mortgages, raising the portfolio limits at the government-sponsored enterprises (GSEs), amending the bankruptcy code to aid troubled borrowers, and strengthening laws governing predatory lending.

The study is designed to give impetus to Schumer's effort with S 2169, a proposal to increase GSE investment portfolio by 10%. A companion bill in the House is authored by

House Financial Services Chairman Barney Frank (D-MA).

The Bush administration objects to more than the 2% a year increase allowed now.

SEC Pays Fannie Mae Investors

Checks amounting to more than \$356 million are sent by the Securities & Exchange Commission (SEC) to investors harmed by accounting manipulations at Fannie Mae between 1999-2004.

The money is from the \$400 million fine levied on the government-sponsored enterprise by the SEC and Office of Federal Housing Enterprise Oversight (OFHEO) last year.

The accounting scandal forced FNMA to restate its earnings by \$6.3 billion and undergo an internal remake costing more than \$1 billion.

Risk-Based Capital Reserve Changes

A move to correct some deficiencies the Office of Federal Housing Enterprise Oversight (OFHEO) sees in its present formula for determining risk capital for Fannie Mae and Freddie Mac is initiated.

OFHEO will publish the changes in the *Federal Register* but a copy of the notice is available to *HAL* readers.

The government-sponsored enterprises must hold in reserve a set amount of cash to meet unexpected interest rate and credit-risk conditions in the market.

OFHEO proposes two changes to the present rule. Comments are due 90 days after *Federal Register* publication.

Info: www.cdpublications.com/docs/4326

Conforming Loan Limit Calculations

Office of Federal Housing Enterprise Oversight issues a revised version of its proposed examination guidance on conforming loan limit calculations.

Comments are due Nov. 21.

The revision follows OFHEO's assurance that any drop in the house price index used to establish the conforming loan limit for Fannie Mae and Freddie Mac, now \$417,000, would not result in a decline of the limit for 2007.

Info: www.cdpublications.com/docs/4374

MORTGAGE FINANCE

Countrywide Takes Refinancing Lead

At least 82,000 borrowers in trouble over their adjustable rate mortgages (ARMs) could qualify for Countrywide Financial's offer to refinance or modify \$16 billion in loans.

The move by the nation's largest lender likely will persuade other lenders to adopt similar rescue efforts. Until

INDICATORS

Housing Slump Deepens

The 30-year fixed-rate mortgage averaged 6.33%, down from last week when it averaged 6.40%.

The five-year adjustable-rate mortgage averaged 6.03%, down from last week's 6.11 % average. The one-year ARM averaged 5.66%, down from last week when it averaged 5.76%.

"Market concerns about slower economic growth over the next few months allowed mortgage rates to drift lower from last week," says Frank Nothaft, Freddie Mac vice president and chief economist. "How much of a drag the housing slump will be on the economy remains unknown. Additionally, recent reports suggest some regional manufacturing weakness in October."

HOUSING AFFAIRS RATE WATCH

PRIMARY MORTGAGE MARKET

Commitment Rates	9/27	10/4	10/11	10/18	10/25
Fixed Rate	6.42	6.37	6.40	6.40	6.33
Fees & Points	0.5	0.5	0.4	0.5	0.5
15-yr. FRMs	6.09	6.03	6.06	6.08	5.99
Fees & Points	0.5	0.5	0.5	0.6	0.6
1-yr. ARMS	5.60	5.58	5.73	5.76	5.66
Fees & Points	0.6	0.6	0.6	0.6	0.6

SECONDARY

FNMA					
30-yr. FRM*	6.25	6.26	6.32	6.20	6.06
FHLMC					
30-yr. *	6.22	6.13	6.22	6.11	6.00

*Required Net Yields, 30-Day Delivery

Info: FHLMC, 703/903-2446; MBA, 202/557-2737

* STATE & LOCAL

Sec. 8 Tenants Allege Racism

California: NAACP leaders say they will study Antioch police records to determine if allegations of racism against the department are true.

Dozens of Sec. 8 tenants complained to the city council in September about police harassment and discrimination, particularly among police Community Action Team (CAT) members.

CAT assists the Contra Costa Housing Authority in monitoring subsidized housing.

Cities Protest CDBG Plan

New York: City officials across the state protest a plan by state officials to hold back as much as 20% of Community Development Block Grant (CDBG) funding from cities to address affordable housing problems statewide.

Officials contend cities are vying for a dwindling amount of CDBG aid now and a further cut by the state would crimp local efforts to maintain civic infrastructure.

Backers say the move would allow the state to accomplish projects on a grander scale.

Builder Seeks Bankruptcy Protection

Illinois: Neumann Homes Inc. says it will seek Chapter 11 bankruptcy protection from its creditors, making it the second-largest local homebuilder to seek such protection.

Neumann failed to maintain to its eight creditor banks. The Illinois-based firm shut its offices and dismissed all but 20 of its 130 headquarters employees.

The builder blames a housing slump in three of its largest markets—Chicago, Denver and Detroit, losing more than \$60 million in the Detroit area alone in the last two years.

Newmann's move follows a similar bankruptcy effort by New Jersey-based Kara Homes Inc. The firm claimed debts of \$297 million and assets of \$350 million.

Newmann has about \$300 million in assets.

* Teens Share Lead Paint Settlement

New York: Three Albany teens will share a \$2.5 million trust fund set up by their mother's former landlords for failure to clean up lead paint-residue in their apartments.

The children were exposed to lead during the 1990s from peeling paint in several apartments the family rented from two landlords.

Makeovers For Rural Housing

Nebraska: Five rural rental housing complexes in the state will be modernized to ensure quality housing at affordable rates without increasing rents, says the Agriculture Dept.

Agriculture's Rural Development Multifamily Housing Preservation & Revitalization Restructuring Program will finance the renovations in Kearney, Osceola Rising City, David City and Bruning.

The Nebraska Affordable Housing Trust Fund contributes \$165,000 to the effort.

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* — Q & A — *

Q: Will I be sanctioned if my Form HUD-50058 reporting rate misses the 95% target despite mitigating circumstances, such as HUD or Social Security Administration system errors?

A: In a recent conference call, HUD staff indicated that PHAs will have the opportunity to fix errors that are beyond the control of the PHAs before any sanctions are levied by issued by HUD.

A HUD Notice relating to Form HUD-50058 reporting rates was issued on October 10, 2007 (*CWR*, Oct. 15). According to the notice, PHAs must have a minimum reporting rate of 95 percent, or be subject to sanctions. The notice further states, "PHAs subject to sanctions because their reporting rates fell below 95 percent may have their monthly administrative fee reduced or offset in an amount determined appropriate by HUD. In determining whether, and to what extent, HUD will reduce or offset the administrative fees, HUD will consider such factors as the magnitude of the deficient reporting rate and the number of months that the reporting deficiency persists."

The notice also indicates that any administrative fees that have been reduced or offset will be permanently recaptured.

As a result of the notice,

(Continued on p. 6)

CLPHA to Convene Public Housing Preservation Summit in 2008

CLPHA will convene a "Summit on the Preservation of Public Housing" next year at which a wide spectrum of public housing leaders and their partners in the areas of finance, insurance, advocacy, development, and management will develop recommendations for the next administration.

The idea, executive director Sunia Zaterman told participants at the Oct. 17-19 CLPHA fall conference, is to set a framework for action on preserving a neglected \$160 billion public asset that provides housing to 2.6 million Americans. "Continuing shortfalls in operating and capital funds, increased PHA innovation at the local level, and the onset of a new presidential administration provide a unique opportunity for industry leaders and supporters to articulate the case for public housing preservation," said Zaterman.

The plan for the Summit is for participants to meet in early 2008 to consider background papers and develop proposals that would be pub-

(Continued on p. 2)

LA Affordable Housing Efforts *
Include Big Role for HACLA

The Housing Authority of the City Los Angeles (HACLA) is playing a key role in an ambitious affordable housing plan outlined by Mayor Antonio R. Villaraigosa at the Oct. 17 Mayoral Housing Summit. "People can't afford to live in the city of Los Angeles," Villaraigosa said. "This is an opportunity for us to figure out a problem that has reached crisis proportions, and I'm prepared to lead that effort."

CLPHA members, in Los Angeles for their fall executive director's meeting, were among those in attendance at the event, which was held at UCLA's Anderson School of Management.

Among the components of the mayor's plan:

- ▶ A fully-funded \$100 million affordable housing trust fund;
 - ▶ Passage of an inclusionary zoning ordinance that would spur affordable housing construction as part of the private development process;
 - ▶ A streamlined permitting process so that housing developments can get on-line more quickly; and
 - ▶ The development of 10,000 affordable units over the next four years.
- "It is crucial that our City adopt a smart housing policy to accom-

(Continued on p. 2)

CLPHA to Convene Public Housing Preservation Summit in 2008

(Continued from p. 1)

lished and disseminated. CLPHA would serve as the summit convener and organizer in collaboration with other industry groups. The Housing Authority Insurance Group (HAI) has agreed to participate and has committed resources to support the effort and other supporters are being sought.

The ideas to be discussed include how to:

- ▶ Create a reliable and dependable federal funding system that covers operating and capital needs to sustain and improve viable public housing developments.
- ▶ Expand and make more accessible both debt and equity capital investment tools to revitalize and redevelop developments in need of substantial capital investment.
- ▶ Realign the regulatory system to be based on enforceable contractual and funding obligations and better reflect the current best practices for the development and management of rental housing.
- ▶ Use the transition to asset management to ensure that each development receives adequate operating funding and replacement reserves.

An initial step, said Zatterman, is to commission a series of background research and papers to inform summit participants. Key papers will focus on:

- ▶ Comprehensive review of public housing portfolio and demographics.
- ▶ Assessment of operating and capital needs.
- ▶ Review of other subsidized housing programs.

▶ Review of housing tax credit and debt financing tools.

▶ Models for new funding and regulatory system.

The Summit proposal was greeted warmly by CLPHA members, several of whom spoke to the need to find a better way to financially support public housing. ■

LA Housing Efforts Include HACLA Role

(Continued from p. 1)

moderate future population growth. It is not a question of whether to build, it is a question of where to build," said Villaraigosa. "Our strategy must focus on the creation of housing for the middle class and working class — as well as our low-income and homeless residents — all across the City. Addressing this shared responsibility will require partnerships with communities and philanthropic entities, as well as increased support from state and federal government."

As part of the city's efforts, said HACLA executive director Rudy Montiel, the housing authority will acquire or build 30,000 units over the next 15 years and replace demolished public housing units on a one-for-one basis. That is possible, he said, due to the low density of existing public housing developments and the relatively "small number of public housing units we have in Los Angeles."

HACLA will follow the "Chicago model," said Montiel, meaning that its distressed public housing developments will be

reconfigured as mixed-income communities. Montiel led CLPHA members on a tour of three public housing properties — the redeveloped 469-unit Pueblo del Sol in Boyle Heights and the existing communities of Jordan Downs and Nickerson Gardens.

The Mayoral Housing Summit was attended by more than 500 business and housing leaders from across the nation and in partnership with more than 30 partner organizations. It included sessions and panel discussions exploring how to increase the workforce housing supply and what is being done to improve planning and increase investment while confronting current economic realities. ■

Oklahoma PHA Launches Adult Day Care Program

The Oklahoma City Housing Authority has opened an adult day care center located in a senior public housing community, Mark Gillett, the agency's assistant executive director, told attendees at the CLPHA fall meeting.

The Daily Living Center exclusively serves the 340-residents of the Wyatt F. Jeltz Center public housing community. It was developed by the housing authority in cooperation with the Urban League and Oklahoma Baptist Healthcare and Rehabilitation. The Daily Living Center, said Gillett, provides assisted living services, including nursing attention, lunches and transportation to doctor's appointments and medical services. ■

* HUD Press Release Announces Miami-Dade Suit Settled

On October 19, HUD announced that it and Miami-Dade County had reached an agreement to settle a lawsuit the County filed to block HUD from taking control of the agency. HUD and the County reached an agreement, according to a HUD press release, that would give HUD control over all MDHA's activities, including its public housing and Housing Choice Voucher (Section 8) programs.

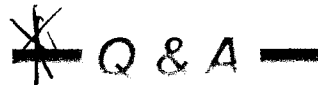
"Our mission is very narrow," Assistant Secretary for Public and Indian Housing Orlando Cabrera was quoted as saying in the Oct. 26 *Miami Herald*. He emphasized, said the Herald, that "HUD would not try to direct locally funded housing initiatives such as the county's second-mortgage program or infill housing."

HUD appointed Donald "DJ" Lavoy, a HUD senior advisor in the Office of Public and Indian Housing, to oversee MDHA's day-to-day operations. Lavoy previously headed HUD's Real Estate Assessment Center.

Under the settlement agreement, HUD will return possession of MDHA to the County after the agency accomplishes specified

tasks to improve operations at MDHA. Those "specified tasks" include, said HUD, that its financial statements are accurate and effective financial controls and management systems are in place.

HUD announced in August it would take control of MDHA due to what the department termed financial mismanagement in the PHA's Housing Choice Voucher (Section 8) and public housing programs. Miami-Dade County filed a lawsuit challenging HUD's decision, which this settlement resolved. ■



(Continued from p. 1)

CLPHA and its industry partners held a conference call with HUD staff to discuss potential sanctions that may result from missing reporting rate targets. Specifically, industry groups cited instances where the 50058 reporting system has crashed during submission thus preventing submission in a timely manner, as well as incidents where the system refused to accept submissions because of missing social

security numbers when resident children did not, in fact, have social security numbers. ■

Reminder

On Oct. 25, CLPHA sent an e-mail to members asking for input on the draft Senate SEVRA legislation and on the House draft of the "Housing Tax Credit Coordination Act of 2007." CLPHA's comments to the Hill on the SEVRA bill are due this Friday, Nov. 2, so if you have any have comments or suggestions on that legislation, please send them to Gerard Holder at gholder@clpha.org by close-of-business Wednesday, Oct. 31. ■

Reader Input Sought

Is there a story you would like see covered in the CLPHA Weekly Report? Has your PHA instituted an innovative program or initiative that should be shared with your colleagues? Please call (202-589-1854) or email (jfeuerherd@clpha.org) CLPHA Communications Director Joe Feuerherd with story ideas and suggestions. ■

The *CLPHA Weekly Report* is published weekly when Congress is in session. CLPHA is a national non-profit organization representing the nation's largest public housing authorities. Committed to sustainable public housing, it provides a forum for developing and promoting innovative and effective approaches in housing development and management. CLPHA develops and analyzes policies that impact the public housing community, researches key trends and advocates for legislative and regulatory reforms that promote the continued transformation of public housing.

Sunia Zatterman, *Executive Director*; Deb Gross, *Deputy Director*; Joe Feuerherd, *Communications Director*; Gerard Holder, *Legislative Director*; Trena Mainor, *Operations Manager*; Todd Thomas, *Housing Policy and Research Analyst*.



<http://www.latimes.com/news/local/la-me-habitat29oct29,1,4989987.story>
From the Los Angeles Times

Habitat to build 30 town houses in 5 days

An additional 70 in the L.A. area will be rehabilitated for low- to moderate-income families through the Jimmy Carter Work Project.

By Lorenza Muñoz
Los Angeles Times Staff Writer

October 29, 2007

For the last four years, Edgar Ruano and his wife, Carolina Morales, have slept on the pullout sofa bed in the living room of their one-bedroom Bellflower apartment. They reserved their only bedroom for their two children.

But today they will begin building a three-bedroom, 2 1/2 -bath home in San Pedro through Habitat for Humanity's Jimmy Carter Work Project.

"Finally, we will have a place of our own and for our children to have a shot at the future," said Ruano, a 38-year-old mattress factory worker.

The family's mortgage, plus taxes and insurance, will be about \$700 -- about the same as their rent now.

"It has been very hard to share a one-bedroom apartment for the four of us, but when I went to look for houses to buy and I saw the prices, it was ridiculous," said Ruano, who emigrated from El Salvador in 1989.

His family is one of dozens that will have new homes by Friday. The Jimmy Carter Work Project, which aims to build houses in a different city each year, will build 30 town houses and rehabilitate 70 more in the San Pedro and South Los Angeles areas in five days.

Los Angeles was selected because of its acute shortage of affordable housing, said Jonathan Reckford, chief executive of Habitat International.

It's "as tough a place as anywhere in the United States for a family of low to moderate income to find decent, affordable housing," he said.

According to Habitat International, 1.6 billion people need affordable housing worldwide, including 6 million in the United States. In Los Angeles County, about a quarter of all families of four earn \$20,000 to \$40,000 a year. In a market where the median home price is about \$535,000, that income level puts owning a home out of reach.

"As the costs have gone up in our market, more and more people are renting," said Erin Rank, president of Habitat for Humanity Greater Los Angeles. "So the families who are earning lower-than-average incomes are forced to live in one-bedroom or illegally converted units. They are having to make decisions between paying for food or medical costs or paying for housing."

On hand to help build the houses will be a few dozen celebrities, including Patricia Arquette, Garth Brooks, Ricky Martin, Barry Pepper and Trisha Yearwood, according to event organizers.

Former President Carter and his wife, Rosalynn, attended a kickoff celebration Sunday at the Port of Los Angeles.

Habitat families will pay \$150,000 for their town houses, with 30 years to pay off their interest-free mortgages to

the nonprofit organization. Each of the families is required to invest 500 hours of "sweat equity" over two to three months in the planning and building of their homes.

Habitat selected San Pedro and South Los Angeles because of their urban settings. The organization has traditionally focused on building single-family homes but is now also looking to construct more duplexes and triplexes because of the scarcity of land in urban areas.

The units in Los Angeles will be the first in the Jimmy Carter Work Project to implement "green building elements," such as solar panels, energy-saving windows and drought-resistant landscaping.

The 16-unit San Pedro development in the 300 block of North Palos Verdes Street, which will be called Harborside Terrace, will have a view of the harbor. The 14 South Los Angeles town houses, on Vermont Avenue at 112th Street, will be called Vermont Village and include a playground.

Ruano, who applied for the Habitat housing at the suggestion of his supervisor at work, said he still can't believe his good fortune.

"I thought the chances were more against me than for me," he said. "Knowing that I put a lot of effort into the building process of the house, it makes me proud. I will know what it takes to build a house. It is a dream."

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PARTNERS:



be entitled to at least 90 days' notice before being required to vacate.

High-Cost Mortgages

The legislation would also amend the definition of a high-cost mortgage under the Home Ownership Equity Protection Act (HOEPA) to include open-end credit lines. It would codify the existing Fed standard for the APR trigger for high-cost loans, which is eight percentage points above the comparable Treasury rate for first mortgages and 10 percentage points above Treasuries for subordinate mortgages.

In addition, the bill would lower the points and fees trigger from 8 percent to 5 percent for most loans and establish a third trigger for loans with prepayment penalties, where the duration of the penalty period exceeds 30 months or the amount of the penalty exceeds 2 percent of the amount prepaid.

The bill would also impose other restrictions on high-cost loans, including a ban on prepayment penalties on loans with amounts below the FHA limit and a prohibition on balloon payments unless the payment schedule is adjusted to the borrower's seasonal or irregular income.

SECTION 8

* Vouchers Can Be Used to Purchase Homes Not Yet Under Construction

HUD has issued a final regulation allowing Section 8 voucher assistance to be used to purchase a home that is not yet under construction.

The rule was published in the October 22 Federal Register and goes into effect on November 21. HUD made no changes in the proposed regulation published on May 29, 2007. (For background, see *Current Developments*, Vol. 35, No. CD-11, p. 339.)

The voucher homeownership option has been limited to the purchase of existing units or of homes under construction when the family enters into the contract for sale. HUD said the regulatory change will expand the housing choices available to families using vouchers to buy homes.

Regulatory Requirements

Under the rule, a family can enter into a contract to use voucher assistance for the purchase of a home not yet under construction, provided certain requirements are met.

Specifically, a PHA cannot begin homeownership assistance for the family until the required environmental review has been completed by HUD or the responsible state or local government; construction of the home has been completed, and the home passes the required housing quality standards (HQS) inspection and independent inspection.

The contract of sale must provide that the buyer is not obligated to purchase the unit unless the site has received environmental approval before the start of construction. Commencement of construction in violation of this requirement would void the contract and render voucher assistance unavailable for purchase of the unit.

If a family receiving homeownership assistance chooses

to move to another unit with continued assistance, including a unit not yet under construction, the environmental review requirements also must be satisfied for that unit.

SECTION 8

NLHA Raises Concerns About Placing Below-Market Properties Into Mark-to-Market Program

At an October 24 House housing subcommittee hearing on Section 8 mark-to-market legislation (H.R. 647), the National Leased Housing Association (NLHA) supported several provisions in the bill, but expressed concern over a section that would allow HUD to restructure the debt on projects with market or below-market rents.

Another ownership group, the Stewards of Affordable Housing for the Future (SAHF), also said that it generally supports the bill, but wants an amendment requiring HUD to approve the assignment of subordinate debt to nonprofit purchasers of Section 8 projects that previously have gone through debt restructuring.

Testifying for SAHF, Amy S. Anthony also said that HUD should not demand repayment of any portion of secondary debt from state or local dollars contributed to the deal specifically so the housing can be preserved. She said that HUD's policy to require repayment of secondary debt in these transactions is undermining the goal of preservation.

Legislative Provisions

Both H.R. 647 and an identical Senate measure (S. 131) would extend the mark-to-market (M2M) program through 2011, although such an extension has already been enacted as part of the fiscal 2007 continuing resolution (H.J. Res. 20).

The bills would also make other program changes, including making certain projects in disaster areas eligible for restructuring.

In addition, the bills would raise the current limit on the number of units that can receive a waiver of the exception rent ceiling of 120 percent of the fair market rent from 5 percent to 9 percent of all units subject to portfolio restructuring agreements.

Theodore K. Toon, HUD deputy assistant secretary of housing for the Office of Affordable Housing Preservation, said at the hearing that HUD is bumping up against this ceiling and exception rents can be approved for only a few hundred additional units. Toon also said the 9 percent ceiling should be adequate through 2011. HUD has not taken a position on the legislation.

The bills would also extend debt relief for nonprofit purchasers to acquisitions on or before the later of five years after the recordation of the affordability agreement or two years after the date of the enactment of the legislation. (For background, see *Current Developments*, Vol. 35, No. CD-5, p. 133.)

Below-Market Properties

Testifying on behalf of NLHA, Sheila Malynowski said

that while some changes in the Section 8 renewal process and M2M may be warranted, the addition of projects with rents at or below market to the restructuring program is of serious concern to NLHA.

Malynowski said that NLHA and HUD negotiated changes to include a requirement that owners must consent before having their property placed into debt restructuring. However, she said that NLHA still considers this a major departure from the framework of the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA).

In her testimony, Malynowski said that NLHA believes the genesis for this proposal is HUD's ability to rely on the participating administrative entities (PAEs) to restructure M2M projects. A more appropriate solution, she said, would be for Congress to authorize use of PAEs outside of M2M, including Section 236 decouplings, partial payment of claims, property disposition, and other mortgage workouts.

On the other hand, the National Low Income Housing Coalition (NLIHC) endorsed the expansion of M2M to include projects with market and below-market rents.

This change will allow cost-efficient restructuring of projects and avoid defaults and FHA insurance claims, said Bill Faith, testifying for NLIHC.

NLHA and SAFH both supported increased authority for exception rents and the extended period of debt relief for nonprofits.

Malynowski said NLHA has no position on the amendment to enroll certain disaster projects in M2M, adding that other forms of disaster aid may be more expedient.

ASSISTED HOUSING

Changes Proposed in Pet Regulations For Elderly, Disabled to Conform To Rules for Family Public Housing

HUD has proposed changes in its pet ownership regulations to apply the rules for family public housing to public and assisted housing for the elderly and disabled.

The proposed rules were published in the October 15 Federal Register, and comments are due December 14.

Under the current regulations for housing for the elderly and disabled, project owners and PHAs may not apply or enforce any pet restrictions against animals that are used to assist persons with disabilities.

However, owners or PHAs may require assistance animals to qualify for this exclusion. They must grant the exclusion if the tenant or prospective tenant certifies in writing that the tenant or a family member has a disability, the animal has been trained to assist persons with that specific disability, and the animal actually assists the person with a disability.

Family Public Housing

By comparison, under the rules for family public housing, PHAs may not enforce restrictive pet policies against animals that are necessary as a reasonable accommodation to assist, support, or provide service to persons with disabilities.

This exclusion applies to animals that reside in, or visit, family public housing developments. There are no tenant certification or animal training requirements, although PHAs are authorized to verify that an animal qualifies as a reasonable accommodation under the Rehabilitation Act of 1973 and the Fair Housing Act.

An animal qualifies as a reasonable accommodation if an individual has a disability, as defined in those acts; the animal is needed to assist with the disability; and the individual who requests the reasonable accommodation demonstrates that there is a relationship between the disability and the assistance the animal provides.

Proposed Rules

To promote uniformity, the proposed regulations would revise the pet ownership rules for elderly and disabled housing to bring them into line with the rules for family public housing.

Specifically, the functions of assistance animals would be expanded to cover animals that assist, support, or provide service to persons with disabilities. In addition, the rules would be revised to state that project owners and PHAs may not enforce restrictive policies against animals that are necessary as a reasonable accommodation for persons with disabilities.

Also, the tenant certification and animal training requirements would be dropped.

(For further information, contact Bryan Greene, 202-619-8046.)

PUBLIC HOUSING

HUD, Miami-Dade County Agree On Appointment of Receivership To Improve Housing Operations

HUD took administrative control of the Miami-Dade, Fla., Housing Agency (MDHA) on October 26 after reaching an agreement with Miami-Dade County settling a lawsuit filed by the county to block the takeover.

Under the agreement, HUD will oversee all MDHA activities, including public housing and the Section 8 voucher program. Donald J. LaVoy, a senior adviser in the HUD Office of Public and Indian Housing, was put in charge of MDHA operations. LaVoy is a former director of the HUD Real Estate Assessment Center and has worked with PHAs to ensure that HOPE VI developments are completed according to deadlines.

The agreement states that HUD will return the MDHA to county control after the agency accomplishes specific tasks to improve operations. HUD said that MDHA must ensure that its financial statements are accurate and must put in place effective financial controls and management systems.

County Statement

A statement issued by Miami-Dade County said the settlement was reached through mediation and that the HUD administrative receivership would be reviewed nine months after the start of a joint work plan.

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California on short end of federal spending

Pentagon spending shifts to ground support instead of air-related manufacturing

BY LISA FRIEDMAN, Washington Bureau

Article Last Updated: 10/28/2007 09:04:50 PM PDT

WASHINGTON - California's share of federal spending has sunk to its lowest level in decades, the apparent result of war dollars shifting from air defense to ground weapons.

New Census Bureau statistics for 2005, the latest figures available, show that the share of federal spending in the Golden State dipped to 10.8 percent from 11 percent.

While it's a tiny dip in percentage points, economists said it represents a significant symbolic drop.

The waning numbers are being driven by a decline in the share of federal procurement funds being funneled to California, said Tim Ransdell, executive director of the California Institute for Federal Policy Research.

The federal government spent \$3.2 billion more in the state than it had the year before but California saw only 11.9 percent of the government's overall procurement

spending, down from 12.6 percent the year before.

"For a state that used to get a quarter of defense spending, that's a remarkable change of events," Ransdell said.

Ransdell said it is the smallest share of spending since agencies began recording the statistics in 1981.

With defense spending making up the bulk of procurement, Ransdell and other officials speculated that the Pentagon's current Iraq needs are focused more on ground support than aerospace.

"We don't make much ammunition, we don't make the tanks. We don't make a lot of the equipment for the ground fighting," said Jack Kyser, chief economist of the Los Angeles County Economic Development Corp.

"You have literally two hot wars going on, and they're not heavy users of what we produce in California."

Long gone are the days when the U.S. government spent 18 percent of its defense funds in California.

Yet while the share of money going to the state has slowly dropped for more than 20 years, Ransdell said the most recent dip is the biggest in years.

"We thought we had hit the bottom of the

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valley," he said, adding that he expects the decline to continue.

Russell Goldsmith, CEO of City National Bank in Los Angeles, said he is concerned that the state's needs in homeland security and transportation are not being met.

"California continues to be getting an unfair share of federal spending based on the legitimate needs of a vibrant economy," he said.

Kyser also said he foresees the state continuing to give more to Washington than it gets back in federal tax dollars.

He noted that replacement of the space shuttle will be done in either Florida or Texas.

"It's a fight," he said.

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Dodd wanted a permanent extension, but he bowed to Shelby and extends coverage for seven years. In another bow to Senate conservatives, Dodd excludes the additional categories of attacks. The Senate wants a \$100 million trigger for the government to initiate subsidies while the House wants a \$50 million trigger.

The White House says it will settle with the Senate version, but President Bush would veto any measure resembling the present HR 2671.

There is no indication Dodd will ask for a floor vote anytime before the Thanksgiving holiday recess, thereby sending the issue into December when there would be little time to negotiate the differences.

PUBLIC HOUSING

* HUD Says Oops Over SAGIS

SAGIS was designed to streamline calculations of public housing operating subsidies, but the computer program stumbled at the start.

Subsidies & Grants Information System wasn't on computer screens properly when public housing authorities (PHAs) attempted to log in their FY 2008 calendar year calculations.

While PHAs have several weeks to log in their calculations, depending on the size of a PHA, many wanted to get it over with right away, to no avail.

When PHAs phoned HUD, they were told of a problem at headquarters' end and that it would be repaired. A call by HAL to HUD's publicity department resulted in the assurance that the system was down for an hour but everything was up and running.

Subsequently, word came down that, yes there is a problem. "After careful investigation," HUD explains, "it was discovered that a number of PHA Secure System Coordinators (SSCs) did not have their SAGIS Coordinator role activated in WASS (Web Access Secure System)."

If that wasn't enough, PHA fee accountants were told that HUD discovered an error in the SAGIS administration setup process and fee accountants were not properly set up in the new system.

HUD assures all PHAs that the problems will be corrected.

Assessment A HUD Payback?

Illinois: Aurora Housing Authority (AHA) Executive Director Rick Brace has been a thorn in HUD's backside for some time, ridiculing the department's lumbering bureaucracy in any public forum he can latch onto.

Brace says his effort has been to illustrate what HUD's

increasing reduction of public housing subsidies has wrought on the city's public housing stock, alleging AHA is operating at a \$1.2 million disadvantage.

HUD's response to Brace's incessant needling is to schedule a two-week onsite review of AHA's spending.

In advance of the audit, HUD sends Brace a list of 54 series of documents the department wants available, a list Brace describes as akin to a NASA flight checklist.

"I seemed to have opened up a can of worms," Brace says. "All I tried to do was get HUD here to see our struggle due to insufficient funding. BIG MISTAKE, although I would have been fired for not pressing HUD for assistance. The congressional route was wasted energy. The public route has been the same. WE WILL GET RIPPED ON THIS REVIEW due to not having the \$1.2 million we should have had for the past zillion years."

HUD says its audit team will descend on AHA Nov. 26 and remain through Dec. 7.

ASSISTED HOUSING

Housing Tax Credits Slight The Poor

Only 7% of housing units financed in 2005 under the low-income housing tax credit (LIHTC) program targeted poor families, those earning less than 30% of the median income in a given area, says *Tax Credit Advisor* (TCA).

If the near poor are added into the mix, those earning between 30% and 40% of the median, the number of units financed edges up slightly to 12%, says TCA's Joseph Guggenheim.

TCA analyzed data from 44 of the 54 credit allocating agencies, which was compiled by the Nat'l Council of State Housing Agencies.

Guggenheim says units actually occupied by poor families could be different than the targeted amounts, with families benefiting from housing vouchers or other forms of rental assistance.

Info: Joseph Guggenheim, 301/320-5771

IRS Break For Fire Victim Housing

California: President Bush's declaration of fire-ravaged areas as a disaster allows owners of low-income housing tax credit properties to rent vacant tax credit units temporarily to qualified low-income households needing to self-certify their income.

The IRS waiver is allowed under IRS Rule 2007-54, issued earlier this year to provide guidance in declarations of disaster.

The waiver from IRS Code 42 applies to property owners

Bankruptcy Bill Markup Halted

A chorus of complaints from America's Community Bankers, American Bankers Assn. and 16 other trade groups and lenders force postponement of a markup session for HR 3609 in the House Judiciary Committee.

The proposal would allow bankruptcy judges to modify terms of a mortgage in Chapter 13 proceedings.

HR 3609 received a 5-4 nod in the Commercial & Administrative Law Subcommittee. But Blue Dog conservative Democrats aligned with Republican members of the House Financial Services Committee to press for time to consider alternatives to the amendment of the bankruptcy code.

Opponents of the measure say converting secured loans to unsecured status would place the secured lending process at risk and prevent many low- and moderate-income families from owning homes.

Fines For Title Premium Kickbacks

Six builders are assessed a total of more than \$1 million by HUD for violations of the Real Estate Settlement Procedures Act (RESPA).

Among those agreeing to HUD's terms are Pulte Homes (\$466,000), KB Home (\$456,000), Beazer Homes (\$261,000), Meritage Homes Corp. (\$66,000), Ryland Group (\$84,000), and Technical Olympic USA/TOUSA Homes (\$52,000).

The six were accused of kickbacks involving title insurance firms transferring portions of the risk and premium to firms owned by the builder, lender or real estate broker referring business to the title insurance company.

It is the third round of settlements at the federal level involving recipients of kickbacks made by title insurers to captive companies for reinsurance. Two previous settlements involved five homebuilders and one lender and a total of \$3.55 million in fines.

Info: HUD, 202/708-0985

HOPE NOW Letters To Borrowers

More than 200,000 mortgage borrowers facing risk will receive letters from mortgage servicers beginning Nov. 19 urging them to get help.

The effort by HOPE NOW alliance says it is the first step in a series of outreach efforts in coming months to persuade at-risk borrowers to seek help from their lenders to stave off delinquencies and foreclosures.

HOPE NOW was organized by HUD and the Treasury Dept. last month to persuade the nation's largest mortgage services to consolidate their efforts to combat the subprime mortgage dilemma.

HUD

Plea For Housing Vacancies

While more than 50% of the fire victims in southern California have insurance coverage for temporary housing, HUD sends out a plea to landlords to list vacancies for temporary housing.

HUD volunteers fanned out among the several fire sites last week (*HAL*, 10/26p3) armed with the department's new disaster housing locator to ensure housing for victims.

Multifamily property owners and landlords are being encouraged to list their unoccupied units with the locator at www.socialserve.com. HUD says almost 26,600 units have been listed in the southern California, Nevada and Arizona area, a 73% increase in one week.

So far—up to Oct. 30—HUD has assisted 971 individuals on a walk-in basis. HUD says its San Bernardino location, one of six and the most likely to have HUD-assisted families, is the most visited location.

HEARD AT HUD

* Jackson Hunkers Down

HUD Secy. Alphonso Jackson may leave his post before the new year, reluctantly.

As *HAL* told you last week, Jackson is under considerable Republican party pressure to find his way back to Dallas voluntarily and permanently.

Sources tell *HAL* the embattled secretary may bow out before the end of the year, during the holiday season when less public attention is focused on politics and government.

Meanwhile, Jackson keeps a low profile at HUD, venturing out this weekend to fulfill a previous commitment to address the student body at Tuskegee U. in Alabama, giving the keynote speech during the school's annual Charter Day/Homecoming Convocation.

Jackson is one of only five of President Bush's inner circle from his Texas days left in Washington. While Bush has issued a statement backing Jackson in his latest fight with investigators probing his HUD activities (*HAL*, 10/5p1, 10/26p4), the support likely will subside if Jackson fails to step down voluntarily to avoid an election year scandal.

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Los Angeles Times
latimes.com.

<http://www.latimes.com/news/printedition/asection/la-ed-density6nov06,1,1496247.story>
From the Los Angeles Times

Making room for more Angelenos

Los Angeles is bound to grow more dense, but the city should find a way to grow smartly.

November 6, 2007

In the mid-1980s, Los Angeles residents discovered that a boom in land values was creating a new streetscape of mini-malls and multistory buildings. They worried that the low-rise neighborhoods they deemed vital to L.A.'s style and quality of life were endangered by shadow-casting towers and commercial enterprises that didn't provide enough parking for visitors. Voters approved an initiative that in some parts of the city put a strict cap on the allowable floor-area ratio. It wasn't a height limit, but its effect was to keep buildings from rising too high.

Later, a mayor's panel studying slum conditions found that housing prices had become so high that 200,000 people were living in garages or tripling and quadrupling up in apartments meant for single families. That was long before the real estate market's astronomical ascent of the last several years. The city responded with inspections to make sure rental housing didn't fall into substandard conditions, but also with incentives to encourage developers to build more units and to reserve some for prices below the market rate.

These two pressures -- to protect the quality of life for current residents and to build decent homes for new ones -- could easily morph into a no-win political battle pitting demographic groups against one another and squandering L.A.'s special status as a promised land of comfortable living. In one corner are Angelenos prepared to protect their investments in their homes. In the other are builders seeking to cash in on the housing market, labor unions that see the chance for construction jobs and affordable-housing advocates trying to secure more below-market units for residents of modest means. On the table -- in a City Council committee today and before the full council soon -- is the city's density bonus ordinance, commonly referred to as SB 1818 after the state law mandating that cities allow developers to build even more market-rate units than current zoning laws allow, in exchange for promising to include some affordable units as well.

The city's future is on the line, but no battle is necessary. Residents see that density is coming to their neighborhoods one way or another, as families again triple and quadruple up. Homeless-service providers report that their clients include more and more families whose rents were raised beyond their ability to pay. Our choice is to accommodate our neighbors in our parks or in the garage next door or on a two-hour commute from Riverside -- or to make room for builders to build.

That doesn't mean that L.A. is fated to become a Third World city of endless residential high-rises along every transit corridor -- which here means pretty much one street after another. County Supervisor Zev Yaroslavsky, who wrote the 1980s floor-area cap, spotted alarming provisions in the city's SB 1818 proposal that he believes would undermine the livability of many neighborhoods. He noted that new residents could be accommodated in smaller units without the shadowy towers. City officials are responding, and more give-and-take may be needed.

But the dickering can't go on forever. There are places it makes sense for Los Angeles to soar: downtown, for example, and Century City, Warner Center and some neighborhoods south of the Santa Monica Freeway. In the rest of the city too, it's time to figure out how to make room for more.

Palmdale streamlines its Section 8 hotline

This story appeared in the Antelope Valley Press on Wednesday, November 7, 2007.

Valley Press

PALMDALE - The city's housing division has streamlined its phone line by providing a system that allows callers faster access to the proper agencies for their general housing and Section 8 inquiries.

"We've been receiving many calls about Section 8 issues, and the Housing Authority of the County of Los Angeles is the agency that handles all aspects of the Section 8 program for the City of Palmdale," city Housing Manager Mike Adams said.

"So we've set up a new phone tree to provide a faster way for people who call us with Section 8 questions to get in touch with the proper authorities.

"This will also free up our staff to handle the housing calls we are responsible for."

Callers to the city's housing line at (661) 267-5126 will now immediately receive a recording that will direct them to one of two lines. Line one will connect them to the city's housing division, while line two will provide Section 8 contact information and details.

Residents may contact the Section 8 main office directly by dialing (800) 731-4663 from 8 a.m. to 5 p.m. Monday through Friday.

Hearing- or speech-impaired persons may call the TDD number at (562) 906-4928.

Residents may also call the local Section 8 office that serves the Antelope Valley at (661) 575-1510, (661) 575-1511 or (661) 575-1512 from 8 a.m. to 5 p.m. Monday through Friday.

deliberations this time, HUD is holding details of the new proposed rule close to its executive vest.

Jackson has said on several occasions that HUD would produce a proposal amenable to everyone. But the banking lobby is expected to pick it apart unless what the industry wants or what has been adopted already are the proposed rule's main features—easily understandable loan pricing and guaranteed settlement mortgage packaging.

HOMEOWNERSHIP

Homeowner Insurance Bill To Senate

A federal catastrophic insurance program, approved in the House by a 258-155 margin Thursday and sent to the Senate, would create a new federal office through which states could apply for financial aid to offset some of the catastrophic risk they have incurred.

The measure, HR 3355, the proposed Homeowner's Defense Act, is the result of chaos in insurance coverage followed the devastation of Hurricane Katrina in 2005.

Several states could link to help pay for each other's disaster costs, a more attractive role for investors to assume, and then transfer the cost to the private markets through catastrophe bonds and reinsurance contracts.

The measure is expected to face heavy scrutiny in the Senate where lawmakers from landlocked states believe their residents would be subsidizing lifestyles in California, Florida and other places where natural disasters are commonplace.

Sens. Ben Nelson (D-FL) and Hillary Clinton (D-NY) introduced companion legislation this week. The proposal hasn't been assigned a number.

Info: www.cdpublications.com/docs/4485

Tax Bill Aids Homeowners

A modified tax relief proposal by House Ways & Means Chairman Charles Rangel (D-NY) would extend the tax deduction for mortgage insurance premiums to 2014.

The present one-year deduction, which applies to homebuyers who purchased their homes after Jan. 1, expires at the end of the year.

The committee reported the proposal, HR 3996, to the House floor by a 22-13 vote. Its provisions are excerpted from a broader proposal expected to be considered next year.

Another provision causing uneasiness in the banking community would exclude a tax on mortgage debt forgiven as part of a mortgage foreclosure to loan modification. The provision, included in the House-passed HR 3648 as well, worries some lenders who feel it could encourage loan

defaults.

HR 3996 would require that a taxpayer moving from a principal residence to a second home would have to live in the new home for two of five years before a sale to qualify for exclusion from taxes on the gain.

The banking community has set its lobbying sights on the Senate to modify the proposal.

HOMEBUILDERS

Beazer Seeks Settlement With HUD

Beazer Homes USA Inc. is expected to begin negotiations with HUD to settle allegations the firm's mortgage unit violated federal rules.

A settlement could cost the beleaguered Atlanta-based homebuilder as much as \$15 million, analysts say.

An internal investigation unearthed evidence Beazer's mortgage employees violated rules related to HUD's down-payment assistance program. Beazer acknowledged accounting errors in October.

In another move, CtW Investment Group calls for the removal of CEO Ian McCarthy for a "stunning leadership failure." CtW advises union pension funds with \$1.4 trillion of assets holding more than 300,000 Beazer shares. The firm's stock registered at \$43 a share a year ago, but the value has dropped to \$9.52 a share this month.

The homebuilder says it will need to restate previous financial results because of the accounting errors.

Beazer's home orders fell 53% in the third quarter from the same time a year ago to 973 units. The firm's cancellation rate was 68%. But its cash balance at the end of the quarter was \$459.5 million, up from \$128.8 million the previous quarter.

* HEARD AT HUD

Complaint Spurred Jackson Probe

While the FBI, Justice Dept. Public Integrity Section and a federal grand jury concentrate on HUD Secy. Alphonso Jackson's role in a contract for a Jackson friend at the Housing Authority of New Orleans (HANO), HUD Inspector General Kenneth Donohue focuses on a complaint of contract favoritism from a private contractor, sources tell HAL.

Maryland-based O'Neal Technologies alleges HUD canceled its \$600,000 contract unfairly. The firm alleges HUD reacted to its complaints of employee harassment—treating employees like HUD subordinates—by ending the contract.

Sources tell us O'Neal may have fallen out of favor at

INDICATORS

Mortgage Rates Near Six Month Low

The 30-year fixed-rate mortgage averaged 6.24%, down from last week when it averaged 6.26%.

The five-year adjustable-rate mortgage averaged 5.89%, down from last week's 5.98% average. The one-year ARM averaged 5.50%, down from last week when it averaged 5.57%.

"Reports of weaker consumer spending in September and a decline in manufacturing activity in October kept mortgage rates at bay this week," says Frank Nothaft, Freddie Mac vice president and chief economist. "Rates for long-term mortgages were little changed while rates for ARMs fell following the Federal Reserve's interest-rate cut."

HOUSING AFFAIRS RATE WATCH

PRIMARY MORTGAGE MARKET

Commitment Rates	10/11	10/18	10/25	11/1	11/9
Fixed Rate	6.40	6.40	6.33	6.26	6.24
Fees & Points	0.4	0.5	0.5	0.4	0.4
15-yr. FRMs	6.06	6.08	5.99	5.91	5.90
Fees & Points	0.5	0.6	0.6	0.4	0.5
1-yr. ARMS	5.73	5.76	5.66	5.57	5.50
Fees & Points	0.6	0.6	0.6	0.6	0.6

SECONDARY

FNMA					
30-yr. FRM*	6.32	6.20	6.06	6.18	6.18
FHLMC					
30-yr. *	6.22	6.11	6.00	6.02	6.15

*Required Net Yields, 30-Day Delivery

Info: FHLMC, 703/903-2446; MBA, 202/557-2737

STATE & LOCAL

HAC-Backed Development Underway

Arkansas: A Housing Assistance Council (HAC) supported sweat-equity housing development is launched in Arkadelphia.

HAC has made \$1.38 million in loans for the Somerset low-income housing development, including \$728,000 to help purchase land for the project.

In Michigan, the membership decline is greater. The Michigan Assn. of Realtors (MAR) says its ranks fell by 10%, representing a loss of about 3,500 agents. MAR's present membership roll is about 30,000 members.

With the state's economy in disarray over massive cuts in auto industry employment, resulting movement of workers to other states has left a glut of unsold homes across the state.

Evictions For Foreclosure Tenants

Massachusetts: Housing activists are telling Sec. 8 tenants they do not have to move if their residence goes into foreclosure.

A Metropolitan Boston Housing Partnership (MBHP) study shows about 13% of all homes sold at foreclosure auctions in the Boston area house Sec. 8 renters.

MBHP officials say tenants have rights to fight eviction by new owners. Federal law dictates tenants with valid leases can't be evicted immediately because of a change in ownership.

The protection applies to expired leases as well. The law requires property owners to show they're being hurt economically by having a Sec. 8 tenant remain in the unit.

Realtors Acknowledge Dip In Ranks

Michigan: The housing slump and subprime mortgage dilemma are taking their toll in the ranks of real estate agents, with the Nat'l Assn. of Realtors (NAR) predicting a 4% drop in its membership by the end of the year from a record high of 1.4 million members at the beginning of the year.

Governors Move On Predatory Lending

Democratic governors of five states—Massachusetts, Michigan, New Jersey, New York and Ohio—press Federal Reserve Chairman Ben Bernanke to prohibit predatory lending practices that have contributed to the national subprime mortgage dilemma.

In a letter to Bernanke, the governors call for a comprehensive approach, including evaluation of a borrower's ability to repay at the fully-indexed rate and a ban on prepayment penalties for all lending institutions making subprime loans.

Each of the states have initiated measures to eliminate the practice but the governors call for a national response, telling Bernanke, "The scale of this problem and the rise in delinquencies and foreclosure rates across the country warrants stronger action at the federal level to establish a minimum federal standard."

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PHADA Advocate

Public Housing Authorities Directors Association

Volume 22, Number 19

www.phada.org

November 14, 2007

Mandatory Conversion Update

Law Requires Some HAs to Convert Public Housing to Vouchers

In the January 24, 2007 *Advocate*, PHADA alerted its members to HUD's procedures surrounding the mandatory conversion of distressed public housing properties with 250 or more units to tenant based voucher assistance. Properties with excessive vacancy rates (15 percent for 3 consecutive years, dropping to 12 percent after 2009) are subject to further evaluation to determine whether they are subject to mandatory conversion. Late last year, HUD's Special Applications Center (SAC) published a list of potential "clusters" of contiguous public housing properties with more than 250 units, and started identifying clusters from that list that had excessive vacancy rates according to information in PIC. The department has updated that information each month since January. Since then, HAs and HUD Field Office staff have been making adjustments to the clusters and to unit and vacancy information in PIC.

HAs with clusters with excessive vacancy rates must analyze the properties in the clusters and address them in their annual plans. The following table compares the number of HAs, clusters, properties, and units HUD has identified from December 2006 through October 2007 with excessive vacancies.

	December 2006	October 2007
Housing Authorities		
Clusters	164	36
Properties	25	
Housing Units	79,126	20,862

The decline in properties with excessive vacancies may be attributed to HA efforts to occupy vacant apartments, to correcting HUD's designation of housing in clusters subject to conversion, or to correction of information on units and developments maintained in PIC. The following graphs demonstrate the decline in HAs, clusters, properties and

See "conversion update," continued on page 5

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PHADA's Report Card on HUD's Asset Management Implementation

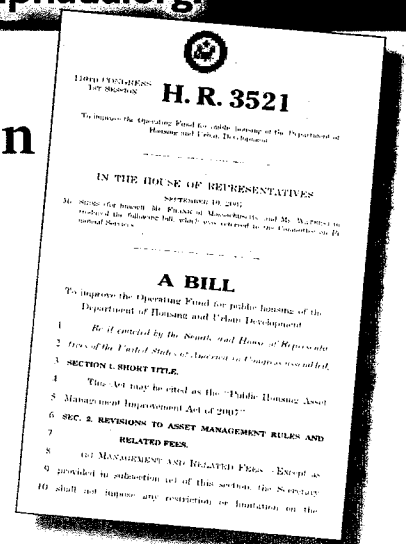
PHADA Assessment of HUD Guidance Indicates Need for Congressional Action

The conversion to asset management is now in full swing, with stop-loss agencies having had to submit their applications by October 15, and with "gainers" having to begin project-based budgeting and accounting July 1, 2007 on a staggered basis depending on their fiscal years.

With legislative action also underway in both House and Senate authorizing and appropriating committees, it appears to be a good time to evaluate HUD's implementation of asset

management. In this assessment, PHADA will point out both where progress has been made and where it believes additional changes are still necessary.

Unfortunately, HUD's final grade is "Needs Improvement." The Department's inability to issue guidance which implements the rule accurately and fairly explains the need for the asset management provisions in the Senate appropriations bill and H.R. 3521.



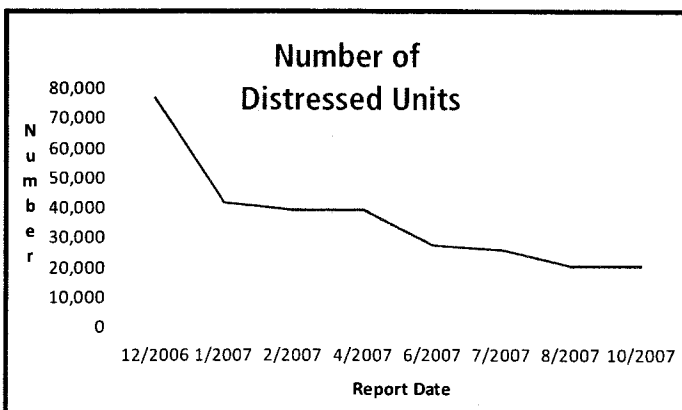
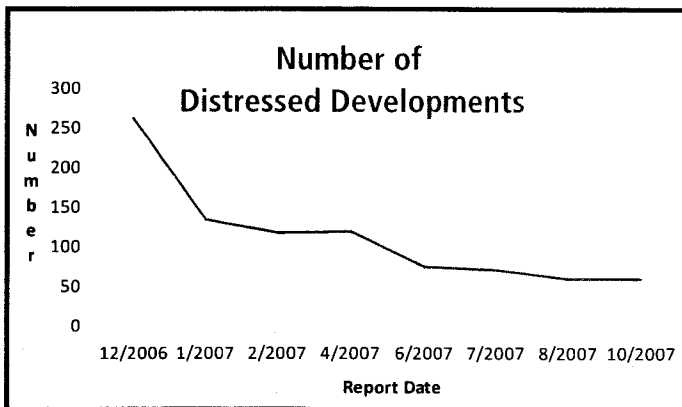
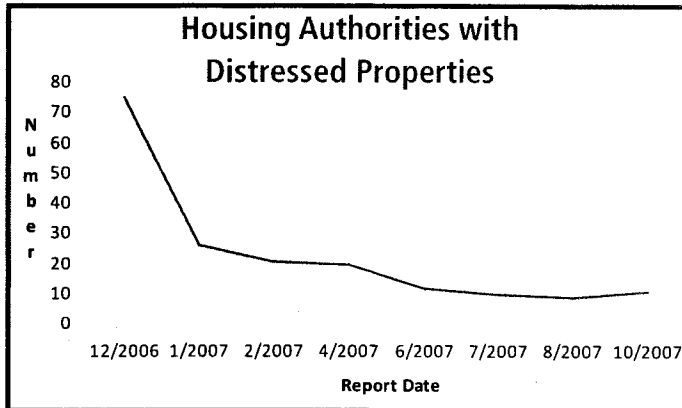
See "report card," continued on page 8

...“conversion update”

Continued from page 1

units with vacancies in excess of 15 percent for the past 3 years whose long-term viability agencies must evaluate.

The first chart shows the decline in the number of HAs with properties that may be distressed. The second chart shows the decline in the number of properties with high vacancy rates, and the third chart shows the decline in the number of apartments in those properties.



Agencies with clusters HUD has identified as having excessive vacancies must take additional steps concerning the potential conversion of these clusters to tenant based assistance. If an HA believes that HUD has placed properties in a cluster improperly because they

See “conversion update,” continued on page 14

Divide & Prosper

New HUD rules require PHAs to unbundle their real estate assets and housing program activities, managing and accounting for each individually. This shift presents challenges and opportunities for PHA strategic planning and management.

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San Diego Departs Public Housing

A model for leaving funding crisis, asset management behind

The following article briefly describes the San Diego Housing Commission's decision to cut its ties to the HUD Public Housing program. In response to years of severe under funding, overbearing regulations and the demands of Asset Management, San Diego took the hint that the federal government does not have the interest or the will to adequately support housing for America's neediest families. Many other housing authorities may face the same increasingly grim future that San Diego saw. Will San Diego be an anomaly or a model for a stream of HA departures from the Public Housing program?

In September, the San Diego Housing Commission (SDHC) won approval from HUD to end its participation in the federal Public Housing program. San Diego is a relative newcomer to Public Housing having only begun participating in the program in 1979. After 28 years, however, the agency is ready to call it quits. The agency invested three years of planning and dialogue with the community to prepare SDHC to take control of its public housing assets and its destiny in the high-cost housing marketplace that is San Diego.

"Unfortunately, the nation's public housing program is in a crisis. The federal subsidy to operate and maintain public housing is not only decreasing but becoming operationally restrictive and inefficient."

On the SDHC website page entitled, "San Diego's Proposal to Transition Out of Public Housing" the agency provides justification for its bold move, "Unfortunately, the nation's public housing program is in a crisis. The federal subsidy to operate and maintain public housing is not only decreasing but becoming operationally restrictive and inefficient. As a proactive solution to this crisis, SDHC is proposing to transition out of its public housing program, protect its residents, and leverage its public housing assets to create even more affordable housing."

The SDHC is, and will remain, largely a Section 8 housing assistance program with approximately 12,400 vouchers that generates about \$130 million or approximately 60% of the agency's total revenue. The SDHC Section 8 program, in partnership with 6,000 landlords, provides affordable housing opportunities in the country's sixth least affordable housing market. The Section 8 program faces its own pressures because of a 40,000-household wait list that extends the waiting time for an affordable apartment 5-7 years.

The 1,366 units of public housing owned and managed by SDHC will continue to be owned and managed by the Commission; only without an Annual Contributions Contract (ACC). The average monthly rent generated by these units as public housing is \$450. A rent of \$450 is uniquely affordable for low-income renters seeking housing in the highly competitive and high cost San Diego market

place. But \$450 rent is not nearly enough to operate and maintain that unit in standard condition. The Public Housing Operating Fund is needed to fill the gap funding between the relatively low rent revenues produced by low public housing rents and the actual operational costs of that public housing. San Diego contends that the under funded Operating Fund threatened the viability of the organization. Elizabeth Morris, president and CEO of the SDHC voiced her angst, "We are concerned public housing is dragging the agency down financially."

"We are concerned public housing is dragging the agency down financially."

The SDHC plan for its 151 soon-to-be former public housing sites revolves around the provision of Section 8 vouchers that will allow current residents to either stay in place or take advantage of their new mobility and move to other units anywhere they can find a willing landlord in the community. Vacated units will be made available for a wider group of low-income renters whose incomes can go as high as 80% of the area median income. This wider band of low-income renters is expected to generate monthly rents between \$603 and \$1,601 depending on location, unit size and tenant income.

I'm pretty excited about the financial stability we'll get and that public housing won't bankrupt the Housing Authority. To do that and at the same time add affordable housing to our inventory and serve the same number of extremely low-income families, what could be better?

Morris tried to educate the media about the federal funding crisis and the agency's business decision. She said to the San Diego Union-Tribune in November 2006, "The public housing system is the only real estate business in the world where you have no clue as to what your income will be." And, "we don't want people to think that we are cashing in the chips and tossing the poor people out the door. There's an opportunity here because we own an awful lot of real estate free and clear, and if we can leverage that to create additional affordable housing opportunities while protecting the tenants, we think that's a net gain." This September, shortly after receiving word of HUD's approval of SDHC's plan to leave public housing Morris said, "I'm pretty excited about the financial stability we'll get and that public housing won't bankrupt the Housing Authority. To do that and at the same time add affordable housing to our inventory and serve the same number of extremely low-income families, what could be better? ■"

One Assessment of the Best of Affordable Housing

3 PHADA Members Receive National Recognition

For the third year, *Affordable Housing Finance*, a monthly publication, selected 9 recent affordable housing developments as the best projects of the past year. This year, the publication's editors selected 36 finalists from 150 nominations. Readers of *Affordable Housing Finance* voted for what they consider the best development in 9 categories through August 24, and the publication announced the best projects in its November edition. The categories are:

Family Housing
Historic Rehabilitation
Homeownership
Master Planned Mixed Use
Preservation
Rural Housing
Senior Housing
Special Needs Housing
Urban Housing

Last year there were 32 nominations in 7 categories. New categories added in 2007 were Rural Housing and Homeownership. Most of *Affordable Housing Finance's* audience consists of private for profit and non-profit developers and financiers, but in 2006, 10 nominees involved HAs, and 4 of those were PHADA members. This year, of

36 nominees, 8 involved HAs and 4 involved PHADA members. In addition, 5 of this year's nominated projects involving HAs included funding through HOPE VI grants.

This year, of 36 nominees, 8 involved HAs and 4 involved PHADA members. In addition, 5 of this year's nominated projects involving HAs included funding through HOPE VI grants.

As with the 2006 nominations, each of the 36 2007 nominees involve a complex network of public and private organizations and most involve private, local, state and federal financial support.

Best Projects of 2007 Involving PHADA Members

Best Family Project: Plymouth Manor and Carlson Commons in Rochester, NY

The Rochester HA operated a public housing apartment complex at the boundary of a gentrifying neighborhood in Rochester, and received a HOPE VI grant to revitalize the property and its surround-

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ings in 2003. In collaboration with a private developer, Cornerstone Group, Ltd., the first of a new set of houses opened in January 2006 in the two-phase development of Plymouth Manor and Carlson Commons, and both phases were completed under budget and ahead of schedule. In addition to HOPE VI financing, the project used vacant lots donated by the City of Rochester and involved Low Income Housing Tax Credits (LIHTCs). Both phases of the project include 70 public housing units that replaced the 111 units in the original public housing development.

Best Master-Planned Mixed Use Project: New Columbia in Portland, OR

The Portland HA used a HOPE VI grant to revitalize a public housing development originally built in 1942 as housing for shipyard workers. Over the years, the neighborhood had become isolated from the rest of Portland. The 82 acre site became the largest neighborhood revitalization project in the city and increased the number of units on the site from 462 to 854. The HA had completed construction of 556 units of rental housing in 2006, and a nonprofit developer, Northwest Housing Alternatives, completed a 66 unit affordable elderly housing project, Trenton Terrace, in January 2007. The remaining 232 owner occupied homes, 41 of which will be affordable housing, will be completed by the end of 2007 by private homebuilders. New Columbia is another HOPE VI project that will be completed on time and on budget. In addition to HOPE VI support, financing of the project included LIHTCs, tax exempt bonds issued by the authority, New Markets Tax Credits to support construction of a public elementary school, and support from the city and from private foundations.

Best Seniors Project: Arthur Capper Senior Apartments in Washington, DC

Located a mile from the United States Capital, the Arthur Capper Senior Apartments are the first phase of the District of Columbia HA's Arthur Capper/Carrollburg revitalization project. When complete in 2010, the project will replace each of 707 public housing apartments and will include 492 market rate rental units and 107 condominiums for sale. The 162 unit Arthur Capper Senior Apartments were developed in collaboration with Mid City Urban LLC and Forest City who will also complete the remaining phases of the revitalization project. In addition to HOPE VI funding, financing for the project included bonds issued by the District of Columbia Housing Finance Agency, and a tax credit equity investment of almost \$7 million from Hudson Housing Capital.

Other Best Projects Involving Housing Authorities

The Wilmington (DE) Housing Authority used a HOPE VI grant to revitalize 267 units of public housing as the Villages of Eastlake. The development was named the Best Homeownership Project.

Other Nominees Involving PHADA Members

Henson Ridge in Washington, DC

The District of Columbia HA has been using HOPE VI grants to re-

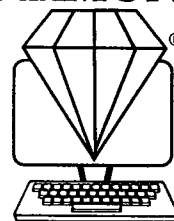
vitalize a number of its oldest public housing apartment complexes. Collaborating with two developers, Mid City Urban, LLC and The Integral Group, Henson Ridge replaced the Frederick Douglass and Stanton Dwellings, two public housing apartment complexes originally developed as army barracks in the 1940's. Henson Ridge includes a mix of homeownership, LIHTC, and public housing rental units. Owner occupied housing comprises 53 percent of the 600 units the project will eventually include, and all adult residents are required to work or be in job training. Financing for the revitalization has included Section 8 homeownership, CDBG support for infrastructure improvements, LIHTCs, local government Capital Improvement Program funding, proceeds from the sale of tax-exempt bonds by the District of Columbia Housing Finance Agency, and a grant and annual operating subsidy from the housing authority as well as \$30 million in HOPE VI grant support.

Other Nominated Projects Involving HAS

An affiliate of the Provo City Housing Authority in Utah converted an historic school to the 31 unit Maeser School Apartments that are affordable to very low income seniors. The San Diego Housing Authority issued \$30 million in tax-exempt bonds to help in the development of Fairbanks Ridge Apartments, an affordable housing development in an upscale mixed income community. The Aurora (CO) Housing Authority provided a predevelopment loan that supported Florence Square, housing that encourages people to live downtown and acts as a cornerstone in the revitalization of downtown Aurora. ■

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Pork Outweighs Necessities

Despite promises 11 months ago to put controls on pork-barrel projects, affectionately termed "earmarks" on Capitol Hill, Democratic leaders insist on getting their piece of the pork pie after 12 years of GOP domination.

There are 2,124 pork projects wrapped in HR 3074, the FY 2008 HUD spending proposal coupled with Transportation Dept. funding amounting to \$2.99 billion, about the same amount that would help bail out public housing agency operating deficits.

In one section of the HUD FY 2008 spending plan, HR 3074, Economic Development Initiative grants, which are administered through HUD, Democrats gave the biggest nod in the remarkably bipartisan pork grab to Rep. Rahm Emanuel (D-IL), the architect of the 2006 Democratic victory in Congress. Emanuel will take home a \$700,000 check to renovate a theater on Lake Michigan.

How well the pork projects will hold up when the Senate debates the HR 3074 conference report (a preliminary version is provided *HAL* readers below) remains to be seen. But it's unlikely senators will touch such items as \$250,000 for a wine and culinary center in Prosser, WA, requested by Sens. Patty Murray (D-WA) and Maria Cantwell (D-WA), and Rep. Doc Hastings (R-WA).

Info: www.cdpublications.com/docs/4552

CONGRESS

Financial Support For Housing Groups

A measure to authorize financial assistance for the Nat'l Urban League, Housing Partnership Network, Nat'l Community Renaissance Program and the Raza Development Fund clears the Housing Financial Services Committee but its future is cloudy.

HR 4051, the proposed Housing Assistance Authorization Act, would authorize \$5 million next year and \$10 million in 2009 and again in 2010 for grants to the organizations to provide technical assistance and money for housing and community development projects.

But the proposal may not gain much traction on the House floor and in the Senate, if it survives the House. Conservative Republicans are wary of financing some of the groups because of their political activism and are set to oppose it vehemently, sources tell *HAL*.

Budget Secrecy Tucked In Money Bill

Democratic congressional leaders want to bar public scrutiny of why budget planners in federal agencies justify each spending item in their annual appropriation requests.

Language to enact the ban is tucked in the conference report to HR 3074, the FY 2008 HUD budget proposal, air-dropped into the measure during final deliberations by select lawmakers on the committee without public review.

Now, each department and agency must justify every spending item—the justification lists accompany the annual budget request to Congress—and public scrutiny is allowed if the lists can be obtained.

The conference report, if it survives intact, would prohibit release until several months after appropriators have received them, effectively keeping them secret until all the spending numbers are locked in.

Architects of the proposal don't justify why they want justifications kept secret.

* HEARD AT HUD

Cabrera Departure Rattles Advocates

Housing advocates tell *HAL* public housing and other programs are in for rougher times unless HUD Secy. Alphonso Jackson replaces Orlando Cabrera quickly.

The assistant secretary for Public & Indian Housing (PIH) quit abruptly but later agreed to extend his departure date from Dec. 14 to Jan. 4 to help complete HUD's FY 2009 budget request and send it to the Office of Management & Budget (OMB).

Cabrera's resignation after exactly two years in the position was unexpected, although there is anticipation in headquarters circles some of the senior-tier political appointees are eyeing an early exodus in light of the investigation into Jackson's vendor contract activities.

HUD officially is mum on Cabrera's resignation, but sources tell *HAL* the Bush administration—Jackson and OMB—has been less than happy with Cabrera's candor in question and answer sessions before Congress. Jackson

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refuses to brook any criticism of friend and golfing buddy, President Bush, or the slightest digression from White House policy.

Advocates are concerned the already chaotic HUD administration will become more so if no one is at the PIH helm to sign off on pressing issues and concerns.

There likely will be an interim PIH head but the onus will fall on Deputy Secy. Roy Bernardi, who already is hamstrung with the confusion in other HUD program areas.

Cabrera's resignation adds to the turmoil at HUD over the four-pronged investigation into Jackson—Justice Dept., FBI, grand jury and HUD Inspector General—as well as earlier departures of key staffers such as Asst. Secy. Scott Keller, once considered Jackson's right hand, who was nominated to be congressional liaison.

The probe weighs heavily on HUD morale going into the final year of the Bush presidency, when capable candidates for top positions are scarce.

And there's the likelihood Jackson will step down soon, further adding to the chaos. Jackson is said to be under considerable pressure from senior Republicans to return to hometown Dallas before the election-year frenzy sets in. Sources tell *HAL* the GOP considers the investigation, along with other questionable Jackson moves such as executive portraits and a new \$7 million plus cafeteria and auditorium, an albatross on the party's hopes.

Bernardi likely would be Jackson's successor. He was vetted by the Senate for his present post and would assume the role of caretaker in the waning months if given the nod.

ASSISTED HOUSING

* Sec. 8 Landlord Retention In Jeopardy

Concern is increasing that owners of Sec. 8 project-based apartments may opt to take their units out of the program unless they are guaranteed timely payments and realistic contracts.

Congress came through with \$6.4 billion for FY 2008, \$405 million more than this year and \$568 million more than President Bush's request.

The increase follows months of late payments, a \$1 billion bailout of HUD by the Office of Management & Budget (OMB), and HUD borrowing from future appropriations to pay present bills.

HUD officials acknowledged in a hearing last month (*HAL*, 10/19p1), and lawmakers concurred, that the program needs a minimum of \$8 billion a year for the nearly 1-million apartments covered.

There is no guarantee the \$6.4 billion will survive if Bush vetoes HR 3074 as he has promised to do. Even if it does,

HUD is preparing to accept renewal contracts guaranteeing only a few months of assistance payments because there won't be enough money to spread around.

As a result, landlords on the financial edge likely will decide to terminate their partnership with HUD when present contracts expire and raise rents to market rates. Such a move could displace thousands of low-income elderly and disabled tenants who are limited financially.

* Katrina Trailers On Way Out

With HUD now in complete control of transitional housing in areas devastated by Hurricane Katrina in 2005, occupants of trailers supplied by the Federal Emergency Management Agency (FEMA) will be moved into rental housing in the private market.

Administrative transition from FEMA to HUD has been completed earlier than the expected Dec. 1 deadline but later than planned originally because HUD didn't have sufficient administrative mechanisms in place.

HUD takes over FEMA's Disaster Housing Assistance Program (DHAP), which provides housing recovery assistance to about 30,000 families displaced by the storm.

* PUBLIC HOUSING

Court: Find Room For Former Tenants

Louisiana: About 3,000 former residents of the mammoth St. Thomas public housing project must be given priority on a waiting list for new apartments, a federal court order decrees.

A list of former tenant names has been relinquished to U.S. District Judge Peter Beer, who ordered the Housing

ONLINE SERVICES

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Authority of New Orleans (HANO) to find room for them in the new mixed-income development on the St. Thomas site.

St. Thomas was demolished in 2000 to make way for a HOPE VI development. Displaced tenants were promised preferential treatment for the River Garden homes built on the site and opened in 2004.

Of the present 300 rentals in River Gardens, 122 are reserved for public housing tenants and 92 are rented by former St. Thomas residents.

Any former St. Thomas tenant who lived in the project between 1995-2000 is eligible for priority placement on the list for subsidized units when they become available.

Housing Demolition Set To Begin

Louisiana: Unless there is a court-ordered delay, demolition of four massive public housing projects damaged in Hurricane Katrina two years ago is scheduled to begin Nov. 19.

The 4,600 apartments at the boarded up Lafitte, St. Bernard, B.W. Cooper and CJ Peete complexes will be replaced with about 750 units of mixed-income housing in a \$762 million redevelopment effort financed with post-storm recovery money.

Public Housing Shutdown Planned

Florida: Venice Housing Authority officials map plans to close the city's 31-year-old public housing complex and relocate about 100 tenants to private housing.

The city would subsidize the rentals after rejecting a plan to apply for federally-subsidized Sec. 8 housing vouchers.

HUD has complained about city failure to verify tenant incomes in the financially-troubled 50-unit Grove Terrace complex.

A plan to use \$11.5 million of state money to demolish Grove Terrace and rebuild it has been scrapped. Instead, the city plans to sell the six acres near the Intracoastal Waterway and use the proceeds to build elsewhere.

AFFORDABLE HOUSING

Assembly Focus On Affordable Housing

New Jersey: State lawmakers map an affordable housing campaign for 2008 which could end the state program allowing wealthy communities to pay others to meet their affordable housing quotas.

Another fix would apply the state's school-funding formula to towns with low- and moderate-income housing.

The 12-point plan developed by the Assembly's

Democrats is intended to boost Gov. Jon Corzine's (D) vow to create 100,000 new affordable housing units.

Lawmakers schedule public hearings on the plan in December and new legislation would be voted on next year in the new legislative session.

The plan's other goals would establish a 20% affordable housing setaside in state housing development projects, allow developers of inclusionary projects to compete for federal low-income housing tax credits, require one-for-one replacement of affordable housing lost because of redevelopment or application of eminent domain, and mandate that towns spend municipal housing trust money on affordable housing within their borders.

Opposition is expected from a League of Municipalities determined to block any effort to eliminate the Regional Contribution Agreements (RCAs), which allow communities and developers to buy out up to 50% of their affordable housing obligations by paying other communities to make up the difference.

Nonprofit Purchases Affordable Housing

Denver-based Community Housing Concepts (CHC) acquires seven affordable housing complexes in Colorado, Missouri and Texas.

The nonprofit says it will keep all seven in the project-based Sec. 8 program to ensure that ownership will remain with a nonprofit organization for the next 50 years.

CHC hires Monroe Group Ltd. to manage the properties. Monroe's management portfolio includes 23 multifamily properties with 2,804 units in five states.

CHC owns 13 complexes in the five states with 1,300 units of Sec. 8 and Low Income Housing Tax Credit properties.

COMMUNITY DEVELOPMENT

PR Campaign For Port Money

Mississippi: With his reelection behind him, Gov. Haley Barbour (R) takes off the gloves in his pursuit of a shift of \$600 million of Community Development Block Grant money set aside by Congress for housing recovery in the wake of Hurricane Katrina in 2005.

Barbour wants the money to enhance the port at Gulfport. The port, valued at \$125 million before the storm, was totaled. Money in addition to the basic replacement cost would develop the port into a major facility, Barbour says.

The governor is dispatching state officials to persuade the public to buy into the idea before he sends the plan to HUD for approval.

INDICATORS

Mortgage Rates Remain Flat

The 30-year fixed-rate mortgage averaged 6.24%, unchanged from last week.

The five-year adjustable-rate mortgage averaged 5.96%, up from last week's 5.89% average. The one-year ARM averaged 5.50%, unchanged from last week's average.

"Higher productivity growth in the third quarter coupled with a larger-than-expected decline in consumer confidence in November sent mixed signals to the current state of the economy," says Frank Nothaft, Freddie Mac vice president and chief economist. "As a result, there were no definite upward or downward pressures on mortgage rates this week."

HOUSING AFFAIRS RATE WATCH

PRIMARY MORTGAGE MARKET

Commitment Rates	10/18	10/25	11/1	11/9	11/16
Fixed Rate	6.40	6.33	6.26	6.24	6.24
Fees & Points	0.5	0.5	0.4	0.4	0.4
15-yr. FRMs	6.08	5.99	5.91	5.90	5.88
Fees & Points	0.6	0.6	0.4	0.5	0.4
1-yr. ARMS	5.76	5.66	5.57	5.50	5.50
Fees & Points	0.6	0.6	0.6	0.6	0.5

SECONDARY

FNMA					
30-yr. FRM*	6.20	6.06	6.18	6.18	6.14
FHLMC					
30-yr. *	6.11	6.00	6.02	6.15	5.98

*Required Net Yields, 30-Day Delivery

Info: FHLMC, 703/903-2446; MBA, 202/557-2737

STATE & LOCAL

Arrests In \$10M FHA Mortgage Fraud

California: Four former officers with the defunct Inland Empire mortgage lender are arrested on charges they defrauded the Federal Housing Admin. and private lenders in a \$10 million, five-year scheme.

A seven-count indictment alleges the four operated the scheme out of Mortgage One Corp. and M-1 Capital Corp. offices, submitting false loan applications to qualify for FHA insurance.

HUD has identified more than 850 FHA-insured loans approved by both mortgage firms which went into foreclosure and filed insurance claims with the department.

houses on the land, thus reducing the price of the home.

Buyers would lease the land from the trust for about \$50 a month and could sell the house at any time and pocket up to 25% of the appraised equity.

Sec. 8 Repayments Sought

New York: Mount Vernon Urban Renewal Agency is delinquent in repaying HUD \$2.2 million in Sec. 8 subsidies.

The agency had until Oct. 19 to repay the money HUD said it overbilled or submit a repayment plan. It did neither and has failed to keep in touch with HUD, officials say.

HUD uncovered the missing money in a 2006 audit. Consequently, administration of the city's the Sec. 8 program was shifted to Westchester County government.

City officials dispute HUD's findings, saying the amount is closer to \$600,000. An independent audit is underway.

* Parking Structure For The Homeless

California: Berkeley homeless activists will ask the city council Nov. 27 to build a parking structure where homeless persons can sleep in their vehicles.

Two Berkeley nonprofits are collaborating on a proposal for a washroom-equipped facility to help the homeless sidestep a state law which bars anyone from spending more than 72 hours in a car without moving.

A similar parking structure was built in the city in the 1980s. It was shuttered following a murder.

* Panel Mulls Affordable Housing

Virginia: Richmond city council members develop a plan to revamp the city's public housing and move the program to a mixed-income neighborhood model.

Under the plan, the city would commit \$11 million a year to pay the cost of redevelopment. It would provide 100 fully subsidized units, 100 partially subsidized units and 100 market-rate units each year over 10 years.

* County Eyes Nonprofit Land Trust

California: The San Bernardino County Housing Authority will create a nonprofit land trust to sell houses for as much as 40% below market value to strengthen the affordable housing stock in the pricey area.

The trust would own the land in perpetuity and sell the

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**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**ADOPT RESOLUTIONS APPROVING ISSUANCE OF MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED EAST LOS ANGELES (1)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that acting as a Responsible Agency pursuant to California Environmental Quality Act (CEQA), certify that the Housing Authority has considered the determination made by the County of Los Angeles, as Lead Agency, and find that the project will not cause a significant effect on the environment.
2. Recommend that the Board of Commissioners adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Casa Lucerna KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$7,000,000 for the acquisition and rehabilitation of Casa Lucerna, a 75-unit multifamily rental housing development located at 1025 South Kern Avenue in unincorporated East Los Angeles, and also ratifying the inducement resolution previously adopted by California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B.
3. Recommend that the Board of Commissioners authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$7,000,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the issuance of Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding \$7,000,000, and to authorize the Executive Director of the Housing Authority to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance acquisition and rehabilitation of 75 units, which include 74 affordable multifamily rental housing units and one manager's unit that will have no affordability requirements.

FISCAL IMPACT/FINANCING:

No County costs will be incurred. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Casa Lucerna (the Project) is located at 1025 South Kern Avenue in unincorporated East Los Angeles, and consists of 75 one-bedroom units, including one manager's unit. Forty-seven of the current tenants pay an affordable rent because of vouchers they receive from the U.S. Department of Housing and Urban Development (HUD) under its Section 8 Tenant-Based Rental Assistance (TBRA) Program. To receive TBRA, tenants must have household incomes that do not exceed 50% of the Area Median Income (AMI). There are no affordability restrictions on the Project, and the tenant rents may convert to higher market rents if future tenants do not have Section 8 vouchers.

The receipt of tax-exempt Bonds requires that the Project maintain affordability on all of the units for 55 years. The Bond funding will require rent levels that are affordable for all tenants, with tenant incomes limited to 50% of AMI in 20% of the units (15 units) and 60% of AMI in the remaining units (59 units). The manager's unit will have no affordability requirements.

Adoption of the Resolution by the Board of Supervisors approving issuance of the bonds is required prior to submission of the Housing Authority's application to CDLAC for a private activity bond allocation. This action does not, however, authorize the issuance and sale of the bonds. The Housing Authority will return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the Board of Commissioners of the Housing Authority announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolutions are also required to complete the Housing Authority's application to CDLAC.

On October 5, 2007, the Housing Authority conducted a hearing at its office located at 2 Coral Circle in Monterey Park regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project.

The County has never been a member of California Municipal Finance Authority (CMFA) and does not intend to join CMFA; therefore, the Housing Authority approval, ratification, and confirmation of the inducement resolution previously adopted by CMFA will integrate the CMFA resolutions into Housing Authority financing and establish the relevant period for the Developer's reimbursement from the bonds. Specifically, because the CMFA resolutions were adopted on March 9, 2007, the Developer may be permitted to look to an earlier date with respect to reimbursements for costs incurred or amounts spent prior to the adoption of the Housing Authority resolutions.

The attached Resolutions were prepared by Hawkins Delafield and Wood, Housing Authority Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a)(3)(ii), this project is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The project is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROJECT:

The proposed action is a necessary step to provide bond financing for the Project, which will retain the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS BY THE HOUSING AUTHORITY OF THE COUNTY OF
LOS ANGELES AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Housing Authority") intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds in one or more series issued from time to time, and at no time to exceed \$7,000,000 in aggregate principal amount (the "Bonds"), in order to assist in financing the acquisition and rehabilitation of several multifamily rental housing developments including 75 units located at 1025 South Kern Avenue in unincorporated Los Angeles County (the "Casa Lucerna Project"), to be owned by Casa Lucerna KBS, L.P., a California limited partnership (or an affiliate or assign); and

WHEREAS, the California Municipal Finance Authority previously adopted a resolution approving a plan of financing to sell and issue multifamily housing revenue bonds with respect to the Casa Lucerna Project, which resolution is hereby acknowledged, confirmed, ratified and incorporated by reference; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Code only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Casa Lucerna Project is located wholly within the County of Los Angeles, California (the "County"); and

WHEREAS, this Board of Supervisors of the County of Los Angeles (the "Board of Supervisors") is the elected legislative body of the County and is the applicable elected representative of the Housing Authority required to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority has, following notice duly given, held a public hearing regarding the issuance of the Bonds on October 5, 2007, and now desires that the Board of Supervisors approve the issuance of the Bonds; and

WHEREAS, this Board of Supervisors hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the issuance of the Bonds by the Housing Authority to finance costs of the Casa Lucerna Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitutes approval of the Casa Lucerna Project and the plan of finance for the issuance of the Bonds for purposes of Section 147(f) of the Code.
3. The proper officers of the Housing Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance that may be deemed reasonable and desirable; provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the Housing Authority in the manner provided by law prior to the sale thereof.
4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Housing Authority.
5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this __ day of _____ 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

[SEAL]

By: _____
Zev Yaroslavsky
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By:  _____
Deputy



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**ADOPT RESOLUTIONS APPROVING ISSUANCE OF MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED WHITTIER (4)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners acting as a Responsible Agency pursuant to CEQA, certify that the Housing Authority has considered the determination made by the County of Los Angeles, as Lead Agency, and find that the project will not cause a significant effect on the environment.
2. Recommend that the Board of Commissioners adopt and instruct the Chairman to sign a Resolution, provided as Attachment B, as required under Treasury Regulations, declaring an intent by Leffingwell Manor KBS, L.P. (the Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$10,000,000, for the acquisition and rehabilitation of Leffingwell Manor, a 89-unit multifamily rental housing development located at 11410 Santa Gertrudes Avenue in unincorporated Whittier, and ratifying the inducement resolution previously adopted by California Municipal Finance Authority (CMFA), attached as Exhibit 1 to Attachment B.

3. Recommend that the Board of Commissioners authorize the Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$10,000,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the issuance of Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding \$10,000,000, and to authorize the Executive Director of the Housing Authority to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance acquisition and rehabilitation of 89 units, which include 88 affordable multifamily rental housing units and one manager's unit that will have no affordability requirements.

FISCAL IMPACT/FINANCING:

No County costs will be incurred. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Leffingwell Manor (the Project) is located at 11410 Santa Gertrudes Avenue in unincorporated Whittier, and consists of 89 one-bedroom apartments, including one manager's unit. The U.S. Department of Housing and Urban Development (HUD) currently provides Project-Based Rental Assistance (PBRA) under its Section 8 Program to all Project tenants, under a contract that expires on December 1, 2007. To receive PBRA, all tenants must have household incomes that do not exceed 50% of the Area Median Income (AMI). The Developer has requested a 20-year extension of the PBRA; however, even if an extension is approved, the PBRA is subject to annual renewals by HUD and may be cancelled in the future. There are no other affordability restrictions on the Project, and the units may convert to higher market rents if HUD terminates the PBRA.

However, the receipt of tax-exempt Bonds requires that the Project maintain affordability for 55 years, whether or not the PBRA continues. The Bond funding will require rent levels that are affordable for all tenants, with tenant incomes limited to 50% of AMI in 20% of the units (17 units) and 60% of AMI in the remaining units (71 units). The manager's unit will have no affordability requirements.

Adoption of the Resolution by the Board of Supervisors approving issuance of the bonds is required prior to submission of the Housing Authority's application to CDLAC for a private activity bond allocation. This action does not, however, authorize the issuance and sale of the bonds. The Housing Authority will return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the Board of Commissioners of the Housing Authority announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolutions are also required to complete the Housing Authority's application to CDLAC.

On October 5, 2007, the Housing Authority conducted a hearing, at its office located at 2 Coral Circle in the City of Monterey Park, regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or nature and location of the Project.

The County has never been a member of California Municipal Finance Authority (CMFA) and does not intend to join CMFA; therefore, the Housing Authority approval, ratification and confirmation of the inducement resolution previously adopted by CMFA will integrate the CMFA resolutions into Housing Authority financing and establish the relevant period for the Developer's reimbursement from the bonds. Specifically, because the CMFA resolutions were adopted March 9, 2007, the Developer may be permitted to look to an earlier date with respect to reimbursements for costs incurred or amounts spent prior to the adoption of the Housing Authority resolutions.

The attached Resolutions were prepared by Hawkins Delafield and Wood, Housing Authority Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a)(3)(ii), this project is excluded from the National Environmental Policy Act (NEPA), because it involves activities that will not alter existing environmental conditions. The project is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

Honorable Housing Commissioners
November 28, 2007
Page 4

IMPACT ON CURRENT PROJECT:

The proposed action is a necessary step to provide bond financing for the Project, which will retain the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

for Bobbette A. Glover
CARLOS JACKSON
Executive Director

Attachments: 2

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS BY THE HOUSING AUTHORITY OF THE COUNTY OF
LOS ANGELES AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Housing Authority") intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds in one or more series issued from time to time, and at no time to exceed \$10,000,000 in aggregate principal amount (the "Bonds"), in order to assist in financing the acquisition and rehabilitation of several multifamily rental housing developments including 89 units located at 11410 Santa Gertrudes Avenue in unincorporated Los Angeles County (the "Leffingwell Manor Project"), to be owned by Leffingwell Manor KBS, L.P., a California limited partnership (or an affiliate or assign); and

WHEREAS, the California Municipal Finance Authority previously adopted a resolution approving a plan of financing to sell and issue multifamily housing revenue bonds with respect to the Leffingwell Manor Project, which resolution is hereby acknowledged, confirmed, ratified and incorporated by reference; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Code only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Leffingwell Manor Project is located wholly within the County of Los Angeles, California (the "County"); and

WHEREAS, this Board of Supervisors of the County of Los Angeles (the "Board of Supervisors") is the elected legislative body of the County and is the applicable elected representative of the Housing Authority required to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority has, following notice duly given, held a public hearing regarding the issuance of the Bonds on October 5, 2007, and now desires that the Board of Supervisors approve the issuance of the Bonds; and

WHEREAS, this Board of Supervisors hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the issuance of the Bonds by the Housing Authority to finance costs of the Leffingwell Manor Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitutes approval of the Leffingwell Manor Project and the plan of finance for the issuance of the Bonds for purposes of Section 147(f) of the Code.
3. The proper officers of the Housing Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance that may be deemed reasonable and desirable; provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the Housing Authority in the manner provided by law prior to the sale thereof.
4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Housing Authority.
5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this __ day of _____ 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

[SEAL]

By: _____
Zev Yaroslavsky
Chairman, Board of Supervisors

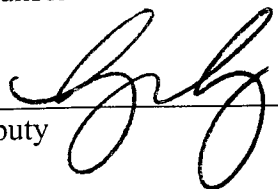
ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By:  _____
Deputy



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**APPROVE CONSTRUCTION CONTRACT FOR BATHROOM AND KITCHEN
REMODELING PROJECT TO MEET REQUIREMENTS OF THE AMERICAN WITH
DISABILITIES ACT AT PALM AND WEST KNOLL SENIOR HOUSING
DEVELOPMENTS IN THE CITY OF WEST HOLLYWOOD (3)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that the approval of a construction contract for the bathroom and kitchen remodeling project to meet the requirements of the American with Disabilities Act (ADA) at the Palm and West Knoll senior housing developments in the City of West Hollywood is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the award of a Construction Contract (Contract) in the amount of \$280,000 to Kimmons Construction and Painting Co. (Kimmons), for the purposes described above at the subject properties, and authorize the Executive Director of the Housing Authority to execute the Contract and all related documents, to be effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.

3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$280,000 in Community Development Block Grant (CDBG) funds allocated by the U.S. Department of Housing and Urban Development (HUD) and included in the Housing Authority's approved Fiscal Year 2007-2008 budget, and authorize the Executive Director to approve Contract change orders not exceeding \$56,000 for unforeseen project costs, using the same source of funds described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to award a Construction Contract for the ADA Bathroom and Kitchen Remodeling project at the Palm and West Knoll senior housing developments.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The improvements will be funded with a total of \$280,000 in CDBG funds allocated by HUD, which are included in the Housing Authority's approved Fiscal Year 2007-2008 budget. A 20% contingency, in the amount of \$56,000, is also being set aside for unforeseen costs, using the same source of funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Palm senior housing development consists of a total of 127 units and the West Knoll senior housing development consists of a total of 136 units. The Housing Authority wishes to award the attached Contract to Kimmons to complete the necessary ADA bathroom and kitchen remodeling project and other related work. It is anticipated that the entire project will be completed within 150 calendar days following the Notice to Proceed.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, Kimmons will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Contract has been approved as to form by County Counsel and executed by Kimmons.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(ii), this action is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 because it does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On October 10, 2007, the Housing Authority initiated an outreach to identify a contractor to complete the work at the subject properties. Invitations for Bids were mailed to 445 contractors identified from the Housing Authority's vendor list. Advertisements also appeared in eight newspapers and on the County Web Site. Ten bid packages were requested and distributed.

On November 6, 2007, five bids were received and formally opened. Kimmons was the most responsive, lowest bidder, and is being recommended for the contract award.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROJECT:

The award of the Contract will upgrade and preserve the senior housing developments in decent, safe, and sanitary conditions for residents.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

Summary of Outreach Activities

Construction Contract for Bathroom and Kitchen Remodeling Project to Meet Requirements of the American with Disabilities Act at Palm and West Knoll Senior Housing Developments in the City of West Hollywood

On October 10, 2007, the following outreach was initiated to identify a contractor to complete bathroom and kitchen remodeling project to meet the requirements of the American with Disabilities Act at the Palm and West Knoll senior housing developments located at 959 Palm Avenue and 838 West Knoll Drive, respectively, in the City of West Hollywood.

A. Newspaper Advertising

Announcements appeared in the following eight local newspapers:

Dodge Construction News	Los Angeles Sentinel
Eastern Group Publications	Los Angeles Times
International Daily News	The Daily News
La Opinion	WAVE Community Newspapers

An announcement was also posted on the County Web Site.

B. Distribution of Bid Packages

The Housing Authority's vendor list was used to mail out Invitations for Bids to 445 contractors, of which 391 identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, ten bid packages were requested and distributed.

C. Pre-Bid Conference and Site Walk

On October 23, 2007, a mandatory pre-bid conference and site walk was conducted. Ten firms were in attendance.

D. Bid Results

On November 6, 2007, a total of five bids were received and publicly opened. The bid result was as follows:

<u>Company</u>	<u>Bid Amount</u>
Kimmons Construction and Painting Co.	\$280,000.00
AZ Home, Inc.	\$286,875.00
CAS General Contractors, Inc.	\$378,000.00
G-2000 Construction.	\$407,696.00
ML Construction Co.	\$454,300.00

E. Minority/Female Participation – Selected Contractor

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Kimmons Construction. and Painting Co.	Non-minority	Total: 10 6 minorities 2 women 60% minorities 20% women
APA Tile, Inc. (Sub) (Tile flooring)	Minority	Total: 4 4 minority 1 women 100% minorities 25% women

F. Minority/Women Participation - Firms Not Selected

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
AZ Home, Inc.	Non-Minority	Total: 12 4 minorities 0 women 30% minorities 0% women
CAS General Contractors, Inc.	Minority	Total: 4 4 minorities 2 women 100% minorities 50% women
G-2000 Construction.	Non-Minority	Total: 9 6 minorities 3 women 66% minorities 33% women

ML Construction Co.

Non-Minority

Total: 17

3 minorities

1 women

6% minorities

6% women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended award of the contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

Contract Summary

Project Name: Palm and West Knoll ADA Bathroom and Kitchen Remodeling.
Location: 959 Palm Avenue and 838 West Knoll Drive, West Hollywood, CA 90069
Bid Number: CD-07-156
Bid Date: November 6, 2007
Contractor: Kimmons Construction and Painting Co.
Services: ADA Bathroom and Kitchen remodeling of three-story residential buildings

Contract Documents: Part A – Instructions to Bidders and General Conditions; Part B – Specifications; Part C – Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder; all addenda to the Contract Documents.

Time of Commencement and Completion: The work to be performed under this Construction Contract shall be commenced within thirty (30) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within one hundred fifty (150) calendar days following the required commencement date.

Liquidated Damages: In the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Housing Authority the sum of **Five Hundred Dollars and Zero Cents (\$500.00)** as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner.

Contract Sum: The Housing Authority shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of **Two Hundred Eighty Thousand Dollars and Zero Cents (\$280,000.00)**. The Contract Sum is not subject to escalation, includes all labor and material increases anticipated throughout the duration of this Construction Contract.

Contract Contingency: \$56,000.00.



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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**APPROVE CONSTRUCTION CONTRACT FOR
CARMELITOS BURNED UNITS REHABILITATION PROJECT (4)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that the approval of a construction contract for the rehabilitation of burned units at the Carmelitos housing development, located at 1000 Via Wanda Avenue, in the City of Long Beach, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the award of the attached Construction Contract (Contract) in the amount of \$52,881 to DMS Construction Incorporated, to complete the rehabilitation of two burned units at the subject property; and authorize the Executive Director of the Housing Authority of the County of Los Angeles to execute the Contract and all related documents, following approval as to form by County Counsel and effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$52,881 in Capital Funds Program (CFP) funds provided by the U.S. Department of Housing and Urban Development (HUD), for the purposes described herein; and authorize the Executive Director to approve Contract change orders not exceeding \$13,220 for unforeseen project costs, using the same source of funds.

4. Recommend that the Board of Commissioners authorize the Executive Director to incorporate up to \$66,101 in CFP funds into the Housing Authority's approved Fiscal Year 2007-2008 budget, for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to award a Contract to complete the rehabilitation of two partially burned units at the Carmelitos housing development.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Housing Authority will fund the rehabilitation with \$52,881 in CFP funds allocated by HUD. A 25 percent contingency, in the amount of \$13,220, is also being set aside for unforeseen costs, using the same source of funds. A total of up to \$66,101 in CFP funds will be incorporated into the Housing Authority's approved Fiscal Year 2007-2008 budget, for the purposes described above.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Two separate resident-caused fires resulted in damage to the two units at the Carmelitos housing development. The scope of work includes disposal of fire damaged debris, demolition, and replacement of all damaged electrical, plumbing, painting, flooring, cabinetry, acoustical, interior stair treads, installation of residential equipment, and is to include all associated work for each work item.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, DMS Construction Incorporated will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Housing Authority wishes to award the Contract to DMS Construction Incorporated, to complete the rehabilitation project. The Contract has been approved as to form by County Counsel and executed by DMS Construction Incorporated.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(ii), this action is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 because it does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

The Housing Authority first initiated an outreach on April 17, 2007, to identify a contractor to complete the work at the subject property. Two bids were received and both were determined to be non-responsive.

On August 20, 2007, the Housing Authority initiated a second outreach. Invitations for Bids were mailed to all Class B licensed contractors identified from the Housing Authority's vendor list. Advertisements also appeared in nine local newspapers and on the County WebVen website. Thirteen bid packages were requested and distributed.

On September 14, 2007, five bids were received and formally opened. The lowest bid, submitted by Wigwam Contracting Company, was determined to be non-responsive. Its 5% bid bond in the form of a cashier's check was invalid because it was submitted 90 days after the check issue date of May 24, 2007, and the cashier's check had expired. Therefore the second-lowest bid, submitted by DMS Construction Incorporated, was determined to be the most responsive and is being recommended for the Contract award. The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROJECT:

The award of the Contract will repair the units in order to provide the residents with decent, safe, and sanitary living conditions.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

Summary of Outreach Activities

Carmelitos Housing Development Burned Units Rehabilitation Project

On August 20, 2007, the following outreach was initiated to identify a contractor for the rehabilitation of two partially burned units at the Carmelitos housing development, located at 1000 Via Wanda Avenue, in the City of Long Beach.

A. Newspaper Advertising

Announcements appeared in the following nine local newspapers:

Dodge Construction News	Los Angeles Sentinel
Eastern Group Publications	Los Angeles Times
International Daily News	The Daily News
La Opinion	WAVE Community Newspapers
Long Beach Press Telegram	

An announcement was also posted on the County Web Site.

B. Distribution of Bid Packages

The Housing Authority's vendor list was used to mail out Invitations for Bids to 518 B-licensed contractors, of which 347 identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, thirteen bid packages were requested and distributed.

C. Pre-Bid Conference and Site Walk

On August 23, 2007, a mandatory pre-bid conference and site walk was conducted. Fifteen firms were in attendance.

D. Bid Results

On September 14, 2007, a total of five bids were received and publicly opened. The bid result was as follows:

<u>Company</u>	<u>Bid Amount</u>
Wigwam Contracting Company	\$49,999
DMS Construction Incorporated	\$52,881
AZ Home Incorporated	\$69,927

C.A.S General Contractor
ZK Construction

\$76,325
\$81,900

E. Minority/Female Participation – Selected Contractor

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
DMS Construction Incorporated	Minority	Total: 5 5 Minorities 0 Women 100% Minorities 0% Women

F. Minority/Female Participation – Contractors Not Selected

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Wigwam Contracting Company	Non-Minority	Total: 4 2 Minorities 0 Women 50% Minorities 0% Women
AZ Home Incorporated	Non-Minority	Total: 11 0 Minorities 1 Women 11% Minorities 0% Women
C.A.S. General Contractor	Minority	Total: 3 3 Minorities 0 Women 100% Minorities 0% Women
ZK Construction	Non-Minority	Total: 3 2 Minorities 1 Women 66% Minorities 33% Women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended award of the contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

Contract Summary

Project Name: Carmelitos Housing Development Burned Units Rehabilitation
Location: 1000 Via Wanda Ave., in the City of Long Beach
Bid Number: CDC07-109
Bid Date: September 14, 2007
Contractor: DMS Construction Incorporated
Services: Rehabilitation of two partially burned units

Contract Documents: Part A – Instructions to Bidders and General Conditions; Part B – Specifications; Part C – Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder; all Addenda to the Contract Documents.

Time of Commencement and Completion: The work to be performed under this Contract shall be commenced within ten (10) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within sixty (60) calendar days following the required commencement date.

Liquidated Damages: In the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Housing Authority the sum of **Four Hundred Dollars and Zero Cents (\$400.00)** as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner.

Contract Sum: The Housing Authority shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of **Fifty-Two Thousand Eight Hundred Eighty One Dollars and Zero Cents (\$52,881.00)**. The Contract Sum is not subject to escalation, includes all labor and material increases anticipated throughout the duration of this Construction Contract.

Contract Contingency: \$13,220.00



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Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**APPROVE CONTRACT FOR SURVEY AND EVALUATION SERVICES OF
HOUSING AUTHORITY PUBLIC HOUSING RESIDENTS (ALL DISTRICTS)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that approval of the Contract for Survey and Evaluation Services (Contract) is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the Contract will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the award of the attached Contract in the amount of \$57,500 to Diversity Research and Consulting Group, Inc. (Diversity), to continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents; and authorize the Executive Director of the Housing Authority of the County of Los Angeles to execute the Contract and all related documents, following approval as to form by County Counsel and effective on the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$57,500 in Public Housing Operating Subsidy funds provided by the U.S. Department of Housing and Urban Development (HUD) for the purposes described herein.

4. Recommend that the Board of Commissioners authorize the Executive Director to execute amendments to the Contract, following approval as to form by County Counsel, to increase Contract by \$11,500, for any unforeseen costs, using the same source of funds described above.
5. Recommend that the Board of Commissioners authorize the Executive Director to execute amendments to the one-year Contract, following approval as to form by County Counsel, to extend the time of performance for an additional of two years, in one-year increments, at \$64,400 for the second year, and \$72,128 for the third year, using funds to be approved through the Housing Authority's annual budget process.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to award a Contract to continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Housing Authority will fund the survey and evaluation services contract with \$57,500 in Public Housing Operating Subsidy funds allocated by HUD and included in the Housing Authority's approved Fiscal Year 2007-2008 budget. A 20% contingency in the amount of \$11,500 is also being set aside for unforeseen costs.

If extended, the cost of the second year of the Contract will be \$64,400, and the third year will be \$72,128, using funds to be requested through the Housing Authority's annual budget approval process. The maximum amount for all three years of the Contract, if fully extended, will be \$194,028.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Since 1989, the Housing Authority has been surveying and evaluating data to determine the overall effectiveness of its Crime and Safety and Resident Services Programs. The longitudinal summary reports, with data comparisons, provide the Housing Authority with valuable information on the impact of the agency's prevention, intervention, and enforcement programs on its residents.

These programs include the Family Resource Center, which provides prevention and intervention strategies such as counseling, case management research, and referral services to achieve a crime-free environment; the Family Learning Center, which helps residents bridge the digital divide and successfully compete in today's high-powered technological economy; the Youth Development Program, which provides safe, supervised group and individual activities with an emphasis on empowering youth to enhance their physical, emotional, and social well-being; the Employment Program, which helps residents achieve employment and attain career goals leading to self-sufficiency; and the Community Policing Program under contract with law enforcement, which provides comprehensive prevention, intervention and enforcement activities at the housing developments.

The survey will also evaluate the level of resident satisfaction with management and maintenance services provided by the Housing Authority.

The survey and evaluation services are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, Diversity will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Housing Authority wishes to award the Contract to Diversity to continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents. The Contract has been approved as to form by County Counsel and executed by Diversity.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3), approval of this contract is exempt from the provisions of NEPA because it involves administrative activities and will not alter existing environmental conditions. This action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On June 28, 2007, the Housing Authority initiated an outreach to identify a vendor to provide survey and evaluation services for the Housing Authority. Requests for Proposals (RFP) notices were mailed to 178 vendors identified from the Housing Authority's vendor list. Additionally, 19 RFP notices were mailed to colleges and universities identified by staff as having qualified programs that could perform this type of service.



Advertisements also appeared in nine newspapers and on the County WebVen Site. Thirty-three vendors received copies of the RFP either by mail or by downloading the RFP package from the Housing Authority's website.

On August 31, 2007, two proposals were received. The proposals were evaluated based on the RFP requirements and rating process. Diversity was selected as the firm most qualified to perform the survey and evaluation services. The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROJECT:

The award of the Contract will continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents.

Respectfully submitted,


 CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

Summary of Outreach Activities

CONTRACT FOR SURVEY AND EVALUATION SERVICES

On June 28, 2007, the following outreach was initiated to identify qualified firms to provide Survey and Evaluation Services for the Housing Authority.

A. Request for Proposal Advertising

Request for Proposal (RFP) announcements appeared in the following nine local newspapers:

The Daily News	L.A. Sentinel
Eastern Group Publications	Los Angeles Times
International Daily News	Wave Community Newspapers
La Opinion	Antelope News
Long Beach Press Telegram	

The announcement was also posted on the County's WebVen Site and on the Housing Authority's website.

B. Distribution of Bid Packets

The Housing Authority's vendor list was used to mail out the RFP Notice to 178 vendors, of which 134 identified themselves as businesses owned by minorities or women (private firms which are 51% owned by minorities or women, or publicly-owned businesses in which 51% of the stock is owned by minorities or women). Additionally, 19 RFP Notices were mailed to colleges and universities identified by staff with qualified programs that could perform this type of service. A total of 33 vendors received copies of the RFP either by mail or by downloading the RFP package from the Housing Authority's website.

C. Pre-Proposal Conference

Two vendors participated in the pre-proposal conference on July 17, 2007.

D. Proposal Results

On August 31, 2007, a total of two proposals were received. The proposals were evaluated based on the RFP requirements and rating process. Diversity Research & Consulting Group, Inc. was selected as the firm most qualified to perform the survey and evaluation services.

E. Minority/Female Participation – Selected Firm

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Diversity Research and Consulting Group, Inc.	Minority	Total: 3 1 minorities 2 women 33% minorities 66% women

F. Minority/Female Participation – Firm Not Selected

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Hodge and Associates	Minority	Total: 2 1 minorities 1 women 50% minorities 50% women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended award of the contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

Contract Summary

Project Name: Survey and Evaluation Services

Location: Various Housing Authority housing developments

Proposal Number: CDC07-047

Proposal Date: August 31, 2007

Contractor: Diversity Research & Consulting Group, Inc.,

Services: Continue the survey and evaluation of the impact of the Housing Authority's prevention, intervention, and enforcement programs on its public housing residents.

Contract Documents: Attachment A – Statement of Work; Attachment B – Fee Schedule; Attachment C – Required Contract Forms; and Attachment D – Required Contract Notices.

Time of Commencement and Completion: The work to be performed under this Contract shall commence following Board approval and shall be completed in accordance with the schedule identified in the Performance Requirements Summary Chart, Technical Exhibit B, of the Statement of Work.

Assessment Penalties: In the event of breach of contract, the Housing Authority will deduct **One Hundred Dollars and Zero Cents (\$100.00)** from progress payment for every one-week delay.

Contract Sum: The Housing Authority shall pay the Contractor for the performance of the Contract as provided in the Contract Documents, in current funds, the sum of **Fifty-Seven Thousand Five Hundred Dollars and Zero Cents (\$57,500.00)**. The Contract Sum is subject to escalation, includes increases in labor and indirect costs anticipated throughout the duration of this Contract.

Contract Contingency: **\$11,500.00**



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 28, 2007

Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**APPROVE COMMUNITY DEVELOPMENT BLOCK GRANT CONTRACT
FOR COMPUTER COORDINATOR POSITION AT THE MAGIC JOHNSON
INVENTOR CENTER AT UJIMA VILLAGE HOUSING DEVELOPMENT (2)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that approval of the Community Development Block Grant (CDBG) Contract (Contract) for a part-time Computer Coordinator position at the Magic Johnson Inventor Center at the Ujima Village housing development, located at 941 East 126th Street, in unincorporated Los Angeles County, is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the Contract will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the Contract in the amount of \$32,000, for the purposes described herein; and authorize the Executive Director or his authorized designee of the Housing Authority of the County of Los Angeles (Housing Authority) to execute the Contract between the Housing Authority and the Community Development Commission and all related documents, following approval as to form by County Counsel and effective on the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to accept from the Community Development Commission and incorporate into the Housing Authority's approved Fiscal Year 2007-2008 budget, a total of \$32,000 in CDBG program funds provided by the U.S. Department of Housing and Urban Development (HUD), for the purposes described herein.



PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Contract to provide funding of a part-time computer coordinator position at the Magic Johnson Inventor Center at the Ujima Village housing development for the benefit of its residents.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Housing Authority will fund the part-time computer coordinator position with \$32,000 in CDBG funds allocated by HUD, to be incorporated into the Housing Authority's approved Fiscal Year 2007-2008 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Magic Johnson Inventor Center is a computer-learning and educational center located at the Ujima Village housing development for use by its residents.

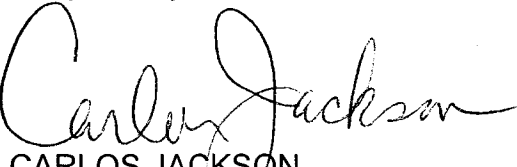
ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3), approval of this contract is exempt from the provisions of NEPA because it involves administrative activities and will not alter existing environmental conditions. This action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

The Contract will provide funding for a part-time computer coordinator position at the Magic Johnson Inventor Center at the Ujima Village housing development for the benefit of its residents.

Respectfully submitted,


CARLOS JACKSON
Executive Director

Housing Commission 2008 Meeting Schedule 12:00 noon

<u>Date</u>	<u>Site</u>	<u>Address/ Telephone #</u>	<u>District</u>	<u>Description</u>
January 23	Marina Manor	3401-05 Via Dolce Avenue Marina del Ray, CA 90292 (323) 650-3090	3	183 Units of Senior Housing
February 27	CDC	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
March 26	West Knoll Apartments	838 West Knoll Drive West Hollywood, CA 90069 (323) 553-3090	3	136 Units of Senior Housing
April 23	HA/Palmdale	2323 East Palmdale Blvd. Palmdale, CA 93550 (661) 575-1510	N/A	N/A
May 28	Foothill Villa	2423 Foothill Blvd. La Crescenta, CA 91214 (661) 255-5818	5	62 Units of Senior Housing
June 25	Carmelitos (Senior Center)	801 Via Carmelitos Long Beach, CA 90805 (562) 423-5464	4	713 Units of Family / Senior Housing
July 23	Nueva Maravilla	4909 Cesar E. Chavez Ave. Los Angeles, CA 90022 (323) 260-2188	1	504 Units of Family / Senior Housing
August 27	Lomita Manor	24925 Walnut Street Lomita, CA 90717 (310) 534-6843	4	78 Units of Senior Housing
September 24	CDC	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
October 22	Orchard Arms	23410-23540 Wiley Canyon Rd. Valencia, CA 91355 (661) 255-5818	5	183 Units of Senior Housing
November 19	CDC	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
December 17	South Bay Gardens	230 E. 130 th Street Los Angeles, CA 90061 (323) 242-1717	2	100 Units of Senior Housing